

SOUTH AMBOY SCHOOL DISTRICT
SOUTH AMBOY, NEW JERSEY

FISCAL YEAR ENDED JUNE 30, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

South Amboy Board of Education

Board President
Cindy Zammit

Vice President
Elizabeth DeLucca

Superintendent
Robert N. Sheedy

Business Administrator
Patricia A. Martucci, RSBA

240 John Street
South Amboy, NJ 08879
Phone: (732) 525-2100
Fax: (732) 727-0730

Board Members

John Dragotta
Stanley Jankowski
Lynn Kasics
Janet Kern
Kevin Riley
Philip Smith
Paula Taggart

December 14, 2012

Honorable President and
Members of the Board of Education
South Amboy School District
South Amboy, New Jersey

Dear Board Members/Citizens:

We are pleased to present to you the Comprehensive Annual Financial Report ("CAFR") of the South Amboy School District ("District") for the fiscal year ended June 30, 2012. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District's financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1996, as amended, the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury Circular Letter 04-04 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

School District Organization:

An elected nine-member Board of Education (the "Board") serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over, and authorization for, all expenditures of School District tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES

The South Amboy School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The South Amboy Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These services include regular and vocational, as well as special education for handicapped children. The District completed the 2011-2012 fiscal year with an enrollment of 1282 students, which is 29 more than the previous year's enrollment. The student enrollment for the District over the last 5 years:

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2011-2012	1,183	2.52
2010-2011	1,154	(3.38%)
2009-2010	1,193	7.88%
2008-2009	1,099	(2.00%)
2007-2008	1,121	(4.46%)

2. ECONOMIC CONDITION AND OUTLOOK

The South Amboy area is experiencing a period of development and expansion, which is expected to continue. The increasing number of businesses relocating to the area resulted in an increase in employment level, which resulted in an increased tax base, both residential and industrial. This expansion is expected to continue; suggesting that the South Amboy area will continue to prosper.

3. MAJOR INITIATIVES

89% of our 2012 graduates went on to further education with 33% attending four year institutions.

4. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse; and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally-accepted accounting principles ("GAAP"). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system is also subject to periodic evaluation by the District management.

As part of the District's single audit, described earlier, tests are made to determine adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Funds, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2012.

6. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in the "Notes to the Basic Financial Statements," Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A Schedule of Insurance Coverage is found in Schedule J-20.

8. OTHER INFORMATION

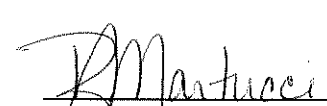
Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Hutchins, Farrell, Meyer and Allison, P.A., was selected by the Board to perform the audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet requirements of the Single Audit Act of 1984 and the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and as well as both the required and other supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the South Amboy Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



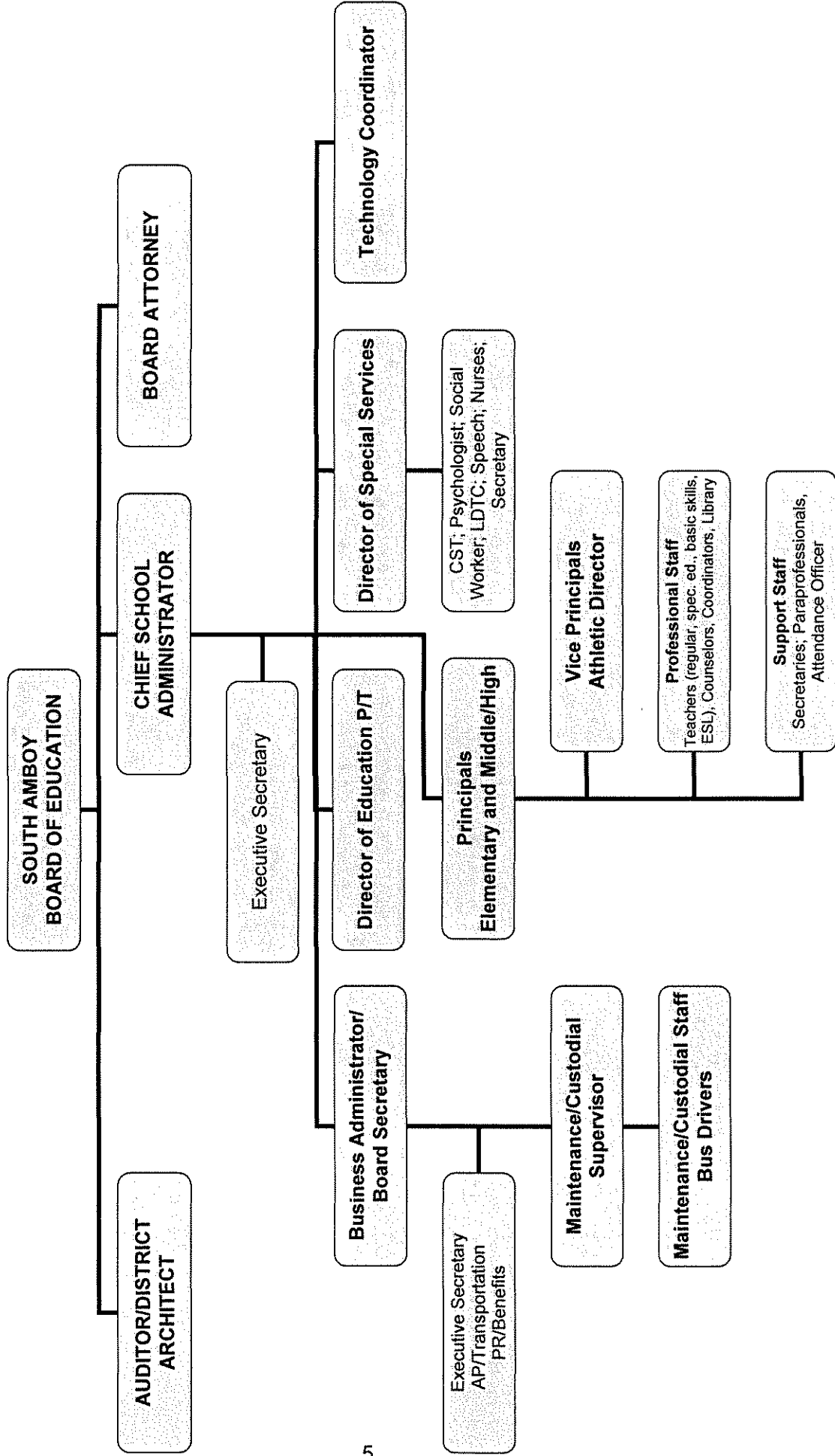
Robert N. Sheedy
Superintendent

Patricia A. Martucci
Business Administrator/
Board Secretary

SOUTH AMBOY BOARD OF EDUCATION
South Amboy, New Jersey

Exhibit

ORGANIZATIONAL CHART



SOUTH AMBOY BOARD OF EDUCATION
SOUTH AMBOY, NEW JERSEY 08879

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Cindy Zammit, President	2013
Elizabeth De Lucca, Vice President	2013
John Dragotta	2012
Stanley Jankowski	2014
Lynn Kasics	2012
Janet Kern	2014
Kevin Riley	2013
Philip Smith	2014
Paula Taggart	2012

Other Officials

Robert N. Sheedy, Superintendent

Carolyn B. Joseph, Business Administrator/Board Secretary (7/1/11-1/2/12)

Patricia A. Martucci, Business Administrator/Board Secretary (1/2/12-6/30/12)

Himanshu Shah, Treasurer of School Moneys

SOUTH AMBOY BOARD OF EDUCATION
SOUTH AMBOY, NEW JERSEY 08879

CONSULTANTS AND ADVISORS

JUNE 30, 2012

Audit Firm

Robert W. Allison, CPA, RMA
Hutchins, Farrell, Meyer & Allison, P.A.
912 Highway 33
Suite 2
Freehold, NJ 07728

Attorney

Schwartz, Simon, Edelstein & Ceslo LLC
100 South Jefferson Road Suite 200
Whippany, NJ 07891

Official Depository

Amboy National Bank
120 Broadway
South Amboy, NJ 08879

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Robert H. Hutchins, CPA, CVA, CFF
Eugene M. Farrell, CPA, RMA, CFP
Robert W. Allison, CPA, RMA
Alan E. Meyer, CPA/ABV, CFF
Joann DiLieto, CPA

Patrice R. Antonucci, CPA
Glenn G. VanPell, CPA
Karen D. Davis, CPA, CVA
Crystal L. Fitzpatrick, CPA
Hélène T. Morizzo, CPA

Monmouth County Office

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(732) 409-0800
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Ocean County Office

512 Main Street • PO Box 1778
Toms River, NJ 08754
(732) 240-5600
Fax: (732) 505-8358

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the South Amboy School District, in the County of Middlesex, State of New Jersey as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the South Amboy Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the South Amboy Board of Education, in the County of Middlesex, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

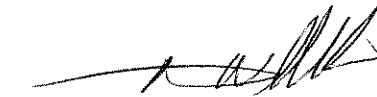
In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2012 on our consideration of the South Amboy Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary Comparison information on pages 11 through 19 and 60 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted to inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Amboy Board of Education's financial statements as a whole. The Introductory Section, Combining and Individual Fund Financial Statements, and Statistical Section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid, respectively, and are also not a required part of the financial statements. The Combining and Individual Fund Financial Statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

Honorable President and Members
of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey
Page 3

prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

December 12, 2012

SOUTH AMBOY SCHOOL DISTRICT
SOUTH AMBOY, NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

UNAUDITED

The discussion and analysis of South Amboy Board of Education's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ◆ General revenues accounted for \$17,540,135.85 in revenue or 96.33 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$668,994.20 or 3.67 percent of total revenues of \$18,209,130.05.
- ◆ Total net assets of governmental activities increased by \$908,995.08.
- ◆ The School District had \$17,300,134.97 in expenses; only \$668,994.20 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$17,540,135.85 were adequate to provide for these programs.
- ◆ The General Fund had \$15,810,125.83 in revenues and transfers and \$15,244,872.30 in expenditures and transfers. The General Fund's balance increased \$565,253.63 from 2011.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand South Amboy School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of South Amboy School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Assets* and the *Statement of Activities*, the School District is divided into two distinct kinds of activities:

- ◆ Governmental Activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets as of June 30, 2012 and 2011.

Table 1

Net Assets

	<u>2012</u>	<u>2011</u>
Assets:		
Cash and Cash Equivalents	\$ 797,563	\$ 296,696
Receivables, Net	4,553,334	544,458
Inventory	4,611	22,625
Restricted Assets:		
Cash and Cash Equivalents	100	
Deferred Bond Issuance Costs, Net	2,500	5,000
Capital Assets, Net	<u>10,695,056</u>	<u>11,009,870</u>
Total Assets	<u>16,053,164</u>	<u>11,878,649</u>
Liabilities:		
Accounts Payable	31,104	338,667
Interfund Payable		166,974
Governmental Payables	98,718	
Deferred Revenue	4,400,486	66,853
Noncurrent Liabilities:		
Due Within One Year	780,526	815,046
Due Beyond One Year	<u>1,293,714</u>	<u>1,880,488</u>
Total Liabilities	<u>6,604,548</u>	<u>3,268,028</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	9,204,003	8,314,336
Restricted for:		
Capital Projects	50,100	
Debt Service	(13,672)	4
General Fund	791,663	499,830
Special Revenue	(18,018)	
Other Purposes		75,020
Unrestricted	<u>(565,460)</u>	<u>(278,569)</u>
Total Net Assets	<u>\$ 9,448,616</u>	<u>\$ 8,610,621</u>

Table 2 provides a comparison analysis of District-wide changes in net assets from fiscal years 2011 and 2012.

Table 2

Changes in Net Assets

	<u>2012</u>	<u>2011</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 194,726	\$ 215,333
Operating Grants and Contributions	474,268	892,094
General Revenues:		
Property Taxes	8,566,606	8,580,638
Grants and Entitlements	8,958,500	8,235,410
Other	<u>15,030</u>	<u>18,443</u>
Total Revenues	<u>\$ 18,209,130</u>	<u>\$ 17,941,918</u>
<u>Program Expenses</u>		
Instruction	\$ 9,913,285	\$ 9,516,675
Support Services:		
Pupils and Instructional Staff	3,310,375	3,089,872
General Administration, School Administration,		
Administration, Business	1,708,547	1,678,686
Operations and Maintenance of		
Facilities	1,382,360	1,486,353
Pupil Transportation	484,807	492,918
Interest on Debt	54,687	79,035
Transfer To Charter School		
Amortization and Other		
Food Service	<u>446,074</u>	<u>445,217</u>
Total Expenses	<u>17,300,135</u>	<u>17,788,756</u>
Increase in Net Assets	<u>\$ 908,995</u>	<u>\$ 1,153,162</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 48.85 percent of revenues for governmental activities for the South Amboy School District for fiscal year 2012. The School District's total governmental revenues were \$17,535,010 for the fiscal year ended June 30, 2012. Federal, state and local grants accounted for another 52.51 percent.

The total cost of all governmental program and services was \$16,854,061. Instruction comprises 58.82 percent of School District expenses.

Business-Type Activities

Revenues for the School District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ◆ Food service expenses exceeded revenues by \$27,388.26.
- ◆ Charges for services represent \$193,795.54 of revenue. This represents the amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$224,890.46.

Governmental Activities

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services, identifying the cost of these services supported by tax revenue and unrestricted State entitlements. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

Governmental Activities

	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 9,913,285	\$ 9,912,355	\$ 9,516,675	\$ 8,872,780
Support Services:				
Pupils and Instructional Staff	3,310,375	3,310,375	3,089,872	3,089,872
General Administration, School Administration, Business	1,708,547	1,708,547	1,678,686	1,678,686
Operation and Maintenance of Facilities	1,382,360	1,382,360	1,486,353	1,486,353
Pupil Transportation	484,807	484,807	492,918	474,023
Interest and Fiscal Charges	<u>54,687</u>	<u>(194,691)</u>	<u>79,035</u>	<u>79,035</u>
Total Expenses	<u>\$ 16,854,061</u>	<u>\$ 16,603,753</u>	<u>\$ 16,343,539</u>	<u>\$ 15,680,749</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

"Other" includes special schools and unallocated depreciation.

The School District's Funds

Information about the School District's major funds is included in the 2011-12 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) had total revenues of \$17,785,318.19 and expenditures of \$17,238,085.48. The net positive/(negative) change in fund balance for the year was most significant in the General Fund, an increase of \$565,253.53.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2010/11</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 8,577,440	48.23%	\$ (21,533)	(0.25)%
State Sources	8,177,949	45.98	197,980	2.48
Federal Sources	<u>1,029,929</u>	<u>5.79</u>	<u>111,698</u>	12.16
Total	<u>\$17,785,318</u>	<u>100.00%</u>	<u>\$ 288,145</u>	<u>1.65%</u>

The decrease in Local Sources is attributed to lower interest income, lower miscellaneous income, and tuition.

The increase in State Sources is due to an increase in State Aid.

The increase in Federal Sources is attributed to an increase in Federal grant funds.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2012, and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2010/11</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 6,717,248	38.97%	\$ (239,446)	(3.44)%
Undistributed Expenditures	9,674,905	56.13	530,645	4.24
Capital Outlay	5,623	0.03	(57,626)	(91.11)
Debt Service:				
Principal	780,526	4.53	(220,000)	(21.99)
Interest	<u>59,783</u>	<u>.34</u>	<u>(27,180)</u>	<u>(31.25)</u>
Total	<u>\$ 17,238,085</u>	<u>100.00%</u>	<u>\$ (13,607)</u>	<u>(0.08)%</u>

The decrease in Current - Instruction is attributed to teacher retirements.

The increase in Current - Undistributed Expenditures is due to purchasing of computers and textbooks for students.

The decrease in Capital Outlay relates to fewer capital projects being completed.

The decrease in Debt Service relates to lower principal and interest payment as the loan comes to a close.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2012, the School District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- ◆ Staffing changes based on student needs.
- ◆ Additional and increased costs for tuition for out-of-district special needs students.
- ◆ Additional costs for student transportation both in regular education and special education.
- ◆ Accounting changes in maintenance and operations.

While the School District's final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$484,735 increase in surplus funds for a total unassigned free balance ("GAAP") of \$(252,030) at June 30, 2012.

Capital Assets

At the end of the fiscal year 2012, the School District had \$10,667,013 invested in land, building and building improvements, and machinery and equipment.

Capital Assets (Net of Depreciation) at June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Land	\$ 1,816,660	\$ 1,816,660
Site Improvements	69,685	87,191
Building and Building Improvements	8,706,704	8,968,991
Machinery and Equipment	<u>73,964</u>	<u>107,535</u>
Total	<u>\$10,667,013</u>	<u>\$10,980,397</u>

Debt Administration

At June 30, 2012, the School District had \$2,074,241 as outstanding debt. Of this amount, \$363,188 is for compensated absences, \$780,000 for bonds for school construction, \$220,000 is for early retirement bonds and \$711,053 for loans for school construction.

For the Future

The South Amboy Public School District is in stable financial condition presently. The School District is proud of its community support of the public schools. Presently, the city's projects have not increased our student population to cause an enrollment growth problem. As in every district, we are increasing each year with reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and State funding is lessened.

In conclusion, the South Amboy School District has committed itself to financial stability for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, please contact Ms. Patricia Martucci, Business Administration/Board Secretary at South Amboy Board of Education, Administration Building, 240 John Street, South Amboy, New Jersey 08879. Please visit our website at <http://www.saboe.k12.nj.us>.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the District. These Statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activities of the District.

SOUTH AMBOY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2012

	Governmental Activities	Business -Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 780,829.29	\$ 16,733.52	\$ 797,562.81
Receivables, Net	4,524,821.32	28,513.17	4,553,334.49
Inventories		4,611.23	4,611.23
Restricted Assets:			
Capital Reserve	100.00		100.00
Deferred Bond Issuance Costs, Net	2,500.00		2,500.00
Capital Assets, Net	10,667,012.52	28,043.46	10,695,055.98
Total Assets	15,975,263.13	77,901.38	16,053,164.51
Liabilities:			
Accounts Payable	14,831.45	100.00	14,931.45
Accrued Interest	16,173.07		16,173.07
Due To State Government	98,718.00		98,718.00
Deferred Revenue	4,400,485.54		4,400,485.54
Noncurrent Liabilities (Note 11):			
Due Within One Year	780,526.32		780,526.32
Due Beyond One Year	1,293,714.32		1,293,714.32
Total Liabilities	6,604,448.70	100.00	6,604,548.70
Net Assets:			
Invested in Capital Assets, Net of Related Debt	9,175,959.88	28,043.46	9,204,003.34
Restricted for:			
General Fund	791,662.72		791,662.72
Special Revenue	(18,018.00)		(18,018.00)
Debt Service	(13,671.98)		(13,671.98)
Capital Project	50,100.00		50,100.00
Unrestricted	(615,218.19)	49,757.92	(565,460.27)
Total Net Assets	\$ 9,370,814.43	\$ 77,801.38	\$ 9,448,615.81

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

SOUTH AMBOY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2012

Functions/Programs	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES								
Instruction:								
Regular	\$ 4,953,442.37	\$ 2,312,955.59	\$ 930.20			\$ (7,265,467.76)		\$ (7,265,467.76)
Special Education	1,465,170.21	580,310.30				(2,045,480.51)		(2,045,480.51)
Other Special Instruction	54,174.78	302,770.59				(356,945.37)		(356,945.37)
Other Instruction	244,461.09					(244,461.09)		(244,461.09)
Support Services:								
Tuition	1,303,971.03					(1,303,971.03)		(1,303,971.03)
Student and Instruction Related Services	1,707,288.65	299,115.09				(2,006,403.74)		(2,006,403.74)
School Administrative Services	628,798.62	191,352.22				(820,150.84)		(820,150.84)
General Administrative Services	450,941.15	120,823.53				(571,764.68)		(571,764.68)
Central Services	270,913.82					(270,913.82)		(270,913.82)
Administrative Informational Technology	45,716.57					(45,716.57)		(45,716.57)
Plant Operations and Maintenance	1,146,915.11	235,445.12				(1,382,360.23)		(1,382,360.23)
Pupil Transportation	484,807.30					(484,807.30)		(484,807.30)
Interest on Long-Term Debt	59,783.50	(5,095.93)				194,690.43		194,690.43
Total Government Activities	12,816,384.20	4,037,676.51	930.20	249,378.00		(16,603,752.51)		(16,603,752.51)
BUSINESS-TYPE ACTIVITIES								
Food Service	446,074.26		193,795.54	224,890.46			\$ (27,388.26)	(27,388.26)
Total Business-Type Activities	446,074.26		193,795.54	224,890.46			(27,388.26)	(27,388.26)
Total Primary Government	\$ 13,262,458.46	\$ 4,037,676.51	\$ 194,725.74	\$ 474,268.46	\$ 0.00	\$ (16,603,752.51)	\$ (27,388.26)	\$ (16,631,140.77)
GENERAL REVENUES								
Property Taxes Levied for:								
General Purposes						\$ 7,975,677.00		\$ 7,975,677.00
Debt Service						590,929.00		590,929.00
Federal and State Aid Not Restricted						8,958,499.82		8,958,499.82
Investment Earnings						1,704.11		1,704.11
Miscellaneous Income						8,200.01	\$ 5,125.91	13,325.92
Total General Revenues						17,535,009.94	5,125.91	17,540,135.85
Change in Net Assets						931,257.43	(22,262.35)	908,995.08
Net Assets - Beginning						8,510,557.00	100,063.73	8,610,620.73
Prior Period Adjustment						(71,000.00)		(71,000.00)
Net Assets - Beginning, As Restated						8,439,557.00	100,063.73	8,539,620.73
Net Assets - Ending						\$ 9,370,814.43	\$ 77,801.38	\$ 9,448,615.81

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

SOUTH AMBOY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 732,888.32	\$ 47,939.88	\$ 1.09	\$ 780,829.29
Interfund Receivables		22,884.27		22,884.27
Receivables From Other Governments	4,466,504.82	4,026.50		4,470,531.32
Receivables - Other		54,290.00		54,290.00
Capital Reserve	100.00			100.00
Total Assets	5,199,493.14	129,140.65	1.09	5,328,634.88
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	11,221.34	3,610.11		14,831.45
Interfund Payable	22,884.27			22,884.27
Payable To State of New Jersey		98,718.00		98,718.00
Deferred Revenue	4,355,655.00	44,830.54		4,400,485.54
Total Liabilities	4,389,760.61	147,158.65		4,536,919.26
Fund Balances:				
Restricted for:				
Excess Surplus - Current Year	141,151.91			141,151.91
Excess Surplus - Prior Year - Designated for Subsequent Years Expenditures	179,606.00			179,606.00
Capital Reserve	50,100.00			50,100.00
Maintenance Reserve	159,330.00			159,330.00
Emergency Reserve	75,000.00			75,000.00
Debt Service			0.09	0.09
Assigned to:				
Year-End Encumbrances	313,980.81			313,980.81
Designated for Subsequent Years Expenditures	142,594.00		1.00	142,595.00
Unassigned Fund Balance	(252,030.19)	(18,018.00)		(270,048.19)
Total Fund Balances	809,732.53	(18,018.00)	1.09	791,715.62
Total Liabilities and Fund Balances	\$ 5,199,493.14	\$ 129,140.65	\$ 1.09	

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

The costs associated with the issues of the various bonds are expensed in the governmental funds in the year the bonds are issued but are capitalized on the statement of net assets. The bond issuance costs are \$50,000.00 and the accumulated amortization is \$47,500.00.

2,500.00

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The cost of the assets is \$16,332,640.91 and the accumulated depreciation is \$5,665,628.39 (See Note 10).

10,667,012.52

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the fund (See Note 11).

(2,074,240.64)

Accrued interest on long-term liabilities are not reported as liabilities in the Fund.

(16,173.07)

Net Assets of Governmental Activities

\$ 9,370,814.43

SOUTH AMBOY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2012

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Local Sources:				
Local Tax Levy	\$ 7,975,677.00		\$ 590,929.00	\$ 8,566,606.00
Tuition	930.20			930.20
Interest Earned on Investments	1,704.11			1,704.11
Miscellaneous	8,200.06			8,200.06
Total - Local Sources	7,986,511.37		590,929.00	8,577,440.37
State Sources	7,561,620.66	\$ 366,950.43	249,378.00	8,177,949.09
Federal Sources	261,993.80	767,934.93		1,029,928.73
Total Revenues	15,810,125.83	1,134,885.36	840,307.00	17,785,318.19
Expenditures:				
Current:				
Regular Instruction	4,330,387.27	623,055.10		4,953,442.37
Special Education Instruction	1,465,170.21			1,465,170.21
Other Special Instruction	54,174.78			54,174.78
Other Instruction	244,461.09			244,461.09
Support Services and Undistributed Costs:				
Tuition	1,303,971.03			1,303,971.03
Student and Instruction Related Services	1,177,440.39	529,848.26		1,707,288.65
General Administration	450,941.15			450,941.15
School Administrative Services	628,798.62			628,798.62
Central Services	270,913.82			270,913.82
Administrative Information Technology	45,716.57			45,716.57
Plant Operations and Maintenance	1,146,334.11			1,146,334.11
Pupil Transportation	484,807.30			484,807.30
Employee Benefits	3,636,133.05			3,636,133.05
Debt Service:				
Principal			780,526.32	780,526.32
Interest and Other Charges			59,783.50	59,783.50
Capital Outlay	5,622.91			5,622.91
Total Expenditures	15,244,872.30	1,152,903.36	840,309.82	17,238,085.48
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	565,253.53	(18,018.00)	(2.82)	547,232.71
Net Change in Fund Balance	565,253.53	(18,018.00)	(2.82)	547,232.71
Fund Balance - July 1	244,479.00		3.91	244,482.91
Fund Balance - June 30	\$ 809,732.53	\$ (18,018.00)	\$ 1.09	\$ 791,715.62

SOUTH AMBOY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 547,232.71

Amounts reported for governmental activities in the Statement
of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.
However, on the Statement of Activities, the cost of those assets is allocated
over their estimated useful lives as depreciation expense. This is the amount
by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation Expense	\$ (318,406.39)	
Capital Outlay	<u>5,041.91</u>	
		(313,364.48)

Repayment of bond, loans and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.	780,526.32
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Bond discount, bond premium and issuance costs are amortized over the lives of the bonds in the Statement of Activities but are recorded as a reduction from the proceeds from sales of bonds in the governmental funds.	(2,500.00)
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In the governmental funds, Capital Leases are reported as another financing source.
These leases are liabilities and are a reduction to the reconciliation.

In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacation and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.	(88,233.00)
--	-------------

In the Statement of Activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in accrued interest over the previous year is a addition in the reconciliation.	<u>7,595.88</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 931,257.43</u></u>
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SOUTH AMBOY SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS

June 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>
Assets:	
Current Assets:	
Cash and Cash Equivalents	\$ 16,733.52
Due From Sodexo	18,857.29
Intergovernmental Receivables	9,655.88
Inventories	<u>4,611.23</u>
Total - Current Assets	<u>49,857.92</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	209,835.00
Less:	
Accumulated Depreciation	<u>(181,791.54)</u>
Total - Noncurrent Assets	<u>28,043.46</u>
Total Assets	<u><u>\$ 77,901.38</u></u>
Liabilities:	
Accounts Payable	<u>\$ 100.00</u>
Total Liabilities	<u><u>\$ 100.00</u></u>
Net Assets:	
Invested in Capital Assets Net of Related Debt	\$ 28,043.46
Unrestricted	<u>49,757.92</u>
Total Net Assets	<u><u>\$ 77,801.38</u></u>

SOUTH AMBOY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

PROPRIETARY FUNDS

For the fiscal year ended June 30, 2012

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Operating Revenues:	
Charges for Services:	
Daily Sales -Non Reimbursable Programs	\$ 193,795.54
Miscellaneous Income	5,125.91
	<hr/>
Total Operating Revenues	198,921.45
	<hr/>
Operating Expenses:	
Salaries	166,284.41
Employee Benefits	33,048.95
Shipping and Telephone	2,255.69
Uniforms And Laundry	1,353.65
Travel	140.11
General Insurance	12,043.29
Management Fee	1,871.71
Other Services	1,571.99
Supplies and Materials	24,348.84
Depreciation Expense	1,449.54
Depreciation Expense (Other Purchased)	12,649.53
Repairs and Maintenance	13,259.05
Miscellaneous Expenditures	10,210.99
Cost of Sales	165,586.51
	<hr/>
Total Operating Expenses	446,074.26
	<hr/>
Operating Loss	(247,152.81)
	<hr/>
Nonoperating Revenues:	
State Sources:	
State School Lunch Program	8,631.33
Federal Sources:	
Federal School Lunch Program	198,267.17
Federal School Breakfast Program	17,348.00
Special Milk	643.96
	<hr/>
Total Nonoperating Revenues	224,890.46
	<hr/>
Change in Net Assets	(22,262.35)
	<hr/>
Total Net Assets - Beginning	100,063.73
	<hr/>
Total Net Assets - Ending	\$ 77,801.38
	<hr/>

SOUTH AMBOY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the fiscal year ended June 30, 2012

	Business-Type Activities - <u>Enterprise Funds</u> <u>Food Service</u>
Cash Flows From Operating Activities:	
Receipts From Customers	\$ 198,921.45
Payments for Management Fees	(20,729.00)
Payments for Employees	(199,333.36)
Payments To Suppliers	<u>(225,305.88)</u>
Net Cash Used For Operating Activities	<u>(246,446.79)</u>
State Sources	8,681.34
Federal Sources	216,264.44
Milk Sources	<u>600.68</u>
Net Cash Provided By Noncapital Financing Activities	<u>225,546.46</u>
Net Increase in Cash and Cash Equivalents	(20,900.33)
Balance - Beginning of Year	<u>37,633.85</u>
Balance - End of Year	<u><u>\$ 16,733.52</u></u>
Reconciliation of Operating Loss To Net Cash Provided By/ (Used For) Operating Activities:	
Operating Loss	\$ (247,152.81)
Adjustments To Reconcile Operating Loss To Net Cash Provided By/(Used For) Operating Activities:	
Accounts Receivable	(18,857.29)
Inventory	18,013.77
Depreciation	1,449.54
Decrease in Accounts Payable	<u>100.00</u>
Total Adjustments	<u>706.02</u>
Net Cash Used for Operating Activities	<u><u>\$ (246,446.79)</u></u>

SOUTH AMBOY SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the fiscal year ended June 30, 2012

	Payroll Agency Fund	Unemployment Compensation Trust	Student Activity Agency Fund	Scholarships and Donations	Totals
Assets:					
Cash and Cash Equivalents	\$ 377,732.97	\$ 27,487.48	\$ 111,352.59	\$ 39,003.04	\$ 555,576.08
Intrafund Accounts Receivable	<u>7,101.00</u>				<u>7,101.00</u>
Total Assets	<u>\$ 384,833.97</u>	<u>\$ 27,487.48</u>	<u>\$ 111,352.59</u>	<u>\$ 39,003.04</u>	<u>\$ 562,677.08</u>
Liabilities:					
Intrafund Accounts Payable		\$ 7,101.00			\$ 7,101.00
Payable To State Government		1,399.99			1,399.99
Payable To Student Groups			\$ 111,352.59		111,352.59
Payroll Deductions and Withholdings	<u>\$ 384,833.97</u>				<u>384,833.97</u>
Total Liabilities	<u>384,833.97</u>	<u>8,500.99</u>	<u>111,352.59</u>		<u>504,687.55</u>
Net Assets:					
Reserve For Scholarship				\$ 39,003.04	39,003.04
Reserved Net Assets		<u>18,986.49</u>			<u>18,986.49</u>
Total Liabilities and Net Assets	<u>\$ 384,833.97</u>	<u>\$ 27,487.48</u>	<u>\$ 111,352.59</u>	<u>\$ 39,003.04</u>	<u>\$ 562,677.08</u>

SOUTH AMBOY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the fiscal year ended June 30, 2012

	Unemployment Compensation <u>Trust</u>	Scholarships and <u>Donations</u>
Additions:		
Contributions:		
Interest		\$ 6.35
Other		19,341.69
Board Contributions	\$ 76,173.56	
Employees	<u>20,851.82</u>	
Total Contributions	<u>97,025.38</u>	<u>19,348.04</u>
Total Additions	<u>97,025.38</u>	<u>19,348.04</u>
Deductions:		
Quarterly Contribution Reports		22,560.00
Unemployment Claims	<u>64,573.89</u>	
Total Deductions	<u>64,573.89</u>	<u>22,560.00</u>
Change in Net Assets	32,451.49	(3,211.96)
Net Assets - Beginning of Year	<u>(13,465.00)</u>	<u>42,215.00</u>
Net Assets - End of Year	<u><u>\$ 18,986.49</u></u>	<u><u>\$ 39,003.04</u></u>

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education ("Board") of the South Amboy School District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The South Amboy School District is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year staggered terms. The purpose of the District is to educate students in grades Pre-K to 12. The South Amboy School District had an approximate enrollment of 1,175 students at June 30, 2012.

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the Organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the Organization
- the District appoints a voting majority of the Organization's Board
- the District is able to impose its will on the Organization
- the Organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the Organization on the District

Based on the aforementioned criteria, the District has no component units.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a Statement of Net Assets and a Statement of Activities, and Fund Financial Statements which provide a more detailed level of financial information.

Basis of Presentation

District-Wide Statements: The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These Statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These Statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Net Assets presents the financial condition of the governmental and business-type activity of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The Fund Financial Statements provide information about the District's funds, including its fiduciary funds. Separate statements for each Fund category – governmental, proprietary, and fiduciary – are presented. The New Jersey Department of Education ("NJDOE") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among District financial reporting models.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment, which are classified in the Capital Outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this Fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated Fund Balance. Expenditures are those that result in the acquisition of or additions to Fixed Assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - Not applicable.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for and the payment of, principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Presentation (Cont'd):

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The Food Service Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the Food Service Fund.

The District reports the following fiduciary funds:

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund.

Nonexpendable Trust Fund - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. At June 30, 2012, the District had no Non-Expendable Trust Funds.

Agency Funds - Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include Payroll and Student Activities Funds.

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund, Scholarship Trust Funds, and Unemployment Compensation Trust Fund.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

B. Basis of Presentation, Basis of Accounting (Cont'd):

Basis of Accounting

Basis of Accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the Enterprise Fund and Fiduciary Funds use the accrual basis of accounting. Differences in the accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "Accounts Receivable". Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and Enterprise Funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the County Office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund. The legal level of budgetary control is established at line item accounts within each Fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by Board resolution. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally-authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The Capital Project Fund presents the remaining project appropriations compared to current-year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund-types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports. At June 30, 2012, there was a reconciling difference of \$80,519.00 between the budgetary basis and GAAP basis in the General Fund and of \$(13,642.58) in the Special Revenue Fund.

The following presents a reconciliation of the General Fund revenues and Special Revenue Fund revenues and expenditures from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules - General and Special Revenue Funds to the GAAP basis of Accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Note that the District does not report encumbrances outstanding at year-end as expenditures in the General Fund since the General Fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**C. Budgets/Budgetary Control (Cont'd):**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 15,729,606.83	\$ 1,152,153.94
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year encumbrances.		48,768.42
Current year encumbrances.		(48,019.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	692,129.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	<u>(611,610.00)</u>	<u>(18,018.00)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,810,125.83</u>	<u>\$ 1,134,885.36</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 15,244,872.30	\$ 1,152,153.94
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year encumbrances.		48,768.42
Current year encumbrances.		<u>(48,019.00)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,244,872.30</u>	<u>\$ 1,152,903.36</u>

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

D. Encumbrances Accounting:

Under Encumbrance Accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund, for which the District has received advances, are reflected in the Balance Sheet as deferred revenues at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year-end.

E. Assets, Liabilities, and Equity:

Interfund Transactions:

Transfers between Governmental and Business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in Governmental Funds and after non-operating revenues/expenses in the Enterprise Fund. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the Enterprise Fund, are recorded as expenditures during the first year of purchase. Enterprise Fund inventories are valued at cost, which approximates market, using the first-in/first-out ("FIFO") method.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Capital Assets:

The District has an established formal system of accounting for its Capital Assets. Purchased or constructed Capital Assets are reported at cost. Donated Capital Assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The District does not possess any infrastructure.

All reported Capital Assets except for Land and Construction in Progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Carpeting	7
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

The District accounts for Compensated Absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Board Statement No. 16 ("GASB 16"), Accounting for Compensated Absences. A liability for Compensated Absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Compensated Absences (Cont'd):

In the District-wide Statement of Net Assets, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred Revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as Deferred Revenue. Grants and entitlement received before the eligibility requirements are met are also recorded as Deferred Revenue.

Accrued Liabilities and Long-Term Obligations:

All Payables, Accrued Liabilities, and Long-Term Obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually-required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Net Assets:

Net Assets represent the difference between assets and liabilities. Net Assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net Assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Assets are available.

Fund Balance Reserves:

The District reserves those portions of Fund Balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved Fund Balance indicates that portion which is available for appropriation in future periods. A Fund Balance Reserve has been established for encumbrances, maintenance, capital and subsequent years expenditures.

Revenues – Exchange and Nonexchange Transactions:

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the actual accrual basis when the Exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year-end.

Nonexchange Transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from Nonexchange Transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, and tuition.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

E. Assets, Liabilities, and Equity (Cont'd):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

Allocation of Indirect Expenses:

The District reports all Direct Expenses by function in the Statement of Activities. Direct Expenses are those that are clearly identifiable with a function. Indirect Expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of Social Security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the Indirect Expense column of the Statement of Activities. Depreciation expense that could not be attributable to a specific function is considered an Indirect Expense and is reported separately in the Statement of Activities. Interest on long-term debt is considered an Indirect Expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary Items are transactions or events that are unusual in nature and infrequent in occurrence. Special Items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2012, the District had \$114,819.83 in Transfers to Capital Outlay from General Fund representing transfers for equipment.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

2. CAPITAL RESERVE ACCOUNT

A Capital Reserve Account was established by the South Amboy Board of Education by inclusion of \$100.00 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The Capital Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the Capital Reserve Account are restricted to Capital Projects in the District's approved Long Range Facilities Plan ("LRFP"). Upon submission of the LRFP to the Department, a District may increase the balance in the Capital Reserve by appropriating funds in the annual General Fund budget certified for taxes or by transfer by Board Resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A District may also appropriate additional amounts when the excess approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the Account cannot at any time exceed the local support costs of uncompleted Capital Projects in its approved LRFP.

The activity of the Capital Reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 100.00
Add:	
Board Contribution	<u>50,000.00</u>
Ending Balance, June 30, 2012	<u>\$ 50,100.00</u>

The June 30, 2012 LRFP balance of local support costs of uncompleted Capital Projects is \$919,097.00.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

3. MAINTENANCE RESERVE ACCOUNT

A Maintenance Reserve Account was established by the South Amboy Board of Education by inclusion of \$109,330.00 for the accumulation of funds for use as maintenance of Capital Projects in subsequent fiscal years. The Maintenance Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Maintenance Reserve Account are to provide maintenance for completed projects in the District's approved LRFP.

The activity of the Maintenance Reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance, July 1, 2011	\$ 109,330.00
Add:	
Board Contribution	<u>50,000.00</u>
Balance, June 30, 2012	<u>\$ 159,330.00</u>

4. EMERGENCY RESERVE ACCOUNT

An Emergency Reserve Account was established by the South Amboy Board of Education by inclusion of \$75,000.00 for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Emergency Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Emergency Reserve Account are to finance unanticipated general fund expenditures required for a thorough and efficient education.

The activity of the Emergency Reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Balance, July 1, 2011	\$ 0.00
Add:	
Board Contribution	<u>75,000.00</u>
Balance June 30, 2012	<u>\$ 75,000.00</u>

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

5. DEPOSITS AND INVESTMENTS

The Board of Education considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as Cash and Cash Equivalents.

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation ("FDIC") or New Jersey's Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA requires all banks doing business in the State of New Jersey to maintain additional collateral in the amount of 5% of the average public deposits and to deposit these amounts with the Federal Reserve Bank for all deposits not covered by FDIC.

Bank balances at June 30, 2012 and 2011 are insured up to \$250,000.00 in the aggregate by the FDIC for each bank. At June 30, 2012 and 2011, the book value of the Board's deposits were \$1,360,340.19 and \$604,401.00, respectively.

Custodial Credit Risk Related to Deposits

Custodial Credit Risk is the risk that, in the event of a bank failure, the Board's deposits might not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by the FDIC. Public funds owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds, or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

At June 30, 2012 and 2011, the Board's bank balances of \$1,380,321.42 and \$1,312,406.00, respectively, were exposed to Custodial Credit Risk as follows:

	<u>2012</u>	<u>2011</u>
Insured	<u>\$ 1,380,321.42</u>	<u>\$ 1,312,406.00</u>

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

5. DEPOSITS AND INVESTMENTS (CONT'D)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully-collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2012, the Board had no investments.

Interest Rate Risk

The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

6. RECEIVABLES

Receivables at June 30, 2012, consisted of accounts (tuition), intergovernmental, grants, and miscellaneous. All Receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	District-Wide Financial Statements
State Aid	\$ 108,239.46	\$ 108,464.17
Federal Aid	6,636.86	16,068.03
Interfund	22,884.27	
Other	<u>4,409,945.00</u>	<u>4,428,802.29</u>
	4,547,705.59	4,553,334.49
Less Allowance for Uncollectibles	<u>0.00</u>	<u>0.00</u>
Total Receivables, Net	<u>\$ 4,547,705.59</u>	<u>\$ 4,553,334.49</u>

Governmental Funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2012, deferred revenue reported in the fund financial statements is comprised as follows:

Deferred Property Taxes	<u>\$ 4,355,655.00</u>
-------------------------	------------------------

7. DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (20 years). The costs associated with the issue of the bond amounted to \$50,000. The amortization expense for the fiscal year ended June 30, 2012 amounted to \$2,500.00.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

8. INTERFUND BALANCES AND TRANSFERS

Balances due to/from other funds at June 30, 2012 consist of the following:

\$ 22,884.27	Due to Special Revenue Fund from General Fund representing cash advances
<u>7,101.00</u>	Due to Agency Fund from Unemployment Trust Fund representing cash advances
<u>\$ 29,985.27</u>	

Transfers

As of June 30, 2012, the District's had no operating transfers.

9. INVENTORY

Inventory in the Food Service Fund at June 30, 2012, consisted of the following:

Food	\$ 2,771.02
Supplies	<u>1,840.21</u>
	<u>\$ 4,611.23</u>

The value of Federal-donated commodities as reflected on Schedule A (required by the Single Audit Act of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,816,660.00			\$ 1,816,660.00
Total Capital Assets Not Being Depreciated	<u>1,816,660.00</u>			<u>1,816,660.00</u>
Capital Assets Being Depreciated:				
Site Improvements	372,181.00			372,181.00
Building and Building Improvements	13,853,586.00			13,853,586.00
Machinery and Equipment	285,172.00	\$ 5,041.91		290,213.91
Totals at Historical Cost	<u>14,510,939.00</u>	<u>5,041.91</u>		<u>14,515,980.91</u>
Less Accumulated Depreciation for:				
Site Improvements	(284,990.00)	(17,506.43)		(302,496.43)
Building and Building Improvements	(4,884,595.00)	(262,286.58)		(5,146,881.58)
Machinery and Equipment	(177,637.00)	(38,613.38)		(216,250.38)
Total Accumulated Depreciation	<u>(5,347,222.00)</u>	<u>(318,406.39)</u>		<u>(5,665,628.39)</u>
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>9,163,717.00</u>	<u>(313,364.48)</u>		<u>8,850,352.52</u>
Government Activity Capital Assets, Net	<u>10,980,377.00</u>	<u>(313,364.48)</u>		<u>10,667,012.52</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Equipment	209,835.00			209,835.00
Less Accumulated Depreciation	(180,342.00)	(1,449.54)		(181,791.54)
Enterprise Fund Capital Assets, Net	<u>\$ 29,493.00</u>	<u>\$ (1,449.54)</u>	<u>\$ 0.00</u>	<u>\$ 28,043.46</u>

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

10. CAPITAL ASSETS (CONT'D)

The NJ State Department of Education has set the capitalization threshold used by school districts in the State of New Jersey at \$2,000.00.

Depreciation expense was charged to functions as follows:

Student and Instructional - Related Services	\$ 12,086.76
Instruction - Regular	294,484.97
General and Business Administrative Services	6,012.20
Plant Operations and Maintenance	<u>5,822.46</u>
Total	<u>\$ 318,406.39</u>

11. LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in Long-Term Obligations for the year ended June 30, 2012, are as follows:

	Balance As Restate June 30, <u>2011</u>	<u>Additions</u>	<u>Retired</u>	Balance June 30, <u>2012</u>	Amounts Due Within <u>One Year</u>
<u>Governmental Activities:</u>					
Bonds Payable	\$ 1,175,000.00		\$ 395,000.00	\$ 780,000.00	\$ 395,000.00
Intergovernmental					
Loans Payable	1,066,579.96		355,526.32	711,052.64	355,626.32
Compensated					
Absences Payable	274,955.00	\$ 88,233.00		363,188.00	
Early Retirement					
Obligations	<u>250,000.00</u>	<u> </u>	<u>30,000.00</u>	<u>220,000.00</u>	<u>30,000.00</u>
	<u>\$ 2,695,534.96</u>	<u>\$ 88,233.00</u>	<u>\$ 780,526.32</u>	<u>\$ 2,074,240.64</u>	<u>\$ 780,626.32</u>

Compensated absences and capital leases have been liquidated in the General Fund.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

11. LONG-TERM OBLIGATIONS (CONT'D)

A. Long-Term Obligation Activity (Cont'd):

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2012, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Governmental Activities			
	Issue Dates	Interest Rates	Date of Maturity	Balance June 30, 2012
Bonds Payable	05/12/05	3.55%	09/15/13	\$780,000.00
ERIP Bonds Payable	06/23/05	5.00%	09/15/17	220,000.00
Intergovernmental Loans Payable	07/15/93	1.50%	07/15/13	711,052.62

B. Debt Service Requirements

Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

11. LONG-TERM OBLIGATIONS (CONT'D)

B. Debt Service Requirements(Cont'd)

Bonds Payable(Cont'd)

Bonds payable at June 30, 2012 are comprised of the following:

\$3,640,000 2005 Refunding Bonds, due in
Annual installments of \$350,000 to
\$400,000 through September 15, 2013,
Interest rate 3.55% \$ 780,000.00

\$415,000.00 School Refunding ERIP Bonds,
due in annual installments of \$30,000 to \$40,000
through September 15, 2017, Interest rate 5.00% \$ 220,000.00

Intergovernmental Loan Payable

The District has entered into a loan agreement with the New Jersey Economic Development Agency to provide funds for the acquisition and construction of major capital facilities.

Loan payable at June 30, 2012 is comprised of the following:

\$6,755,000, 1993 Loan, due in
semi-annual installments of
\$355,526 through July 15, 2013,
Interest rate 1.50% \$ 711,052.62

Debt Service Requirements on serial bonds and loans payable at June 30, 2012 are as follows:

Serial Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 395,000	\$ 20,678	\$ 415,678
2014	<u>385,000</u>	<u>6,834</u>	<u>391,834</u>
	<u>\$ 780,000</u>	<u>\$ 27,512</u>	<u>\$ 807,512</u>

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

11. LONG-TERM OBLIGATIONS (CONT'D)

B. Debt Service Requirements(Cont'd)

Intergovernmental Loan Payable(Cont'd)

ERIP Bonds			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 30,000	\$ 10,250	\$ 40,250
2014	35,000	8,625	43,625
2015	35,000	6,875	41,875
2016	40,000	5,000	45,000
2017	40,000	3,000	43,000
2014	<u>40,000</u>	<u>1,000</u>	<u>41,000</u>
	<u>\$ 220,000</u>	<u>\$ 34,750</u>	<u>\$ 254,750</u>

Intergovernmental Loans			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 355,526	\$ 7,999	\$ 363,525
2014	<u>355,527</u>	<u>2,667</u>	<u>358,194</u>
	<u>\$ 711,053</u>	<u>\$ 10,666</u>	<u>\$ 721,719</u>

C. Bonds Authorized But Not Issued

As of June 30, 2012, the District had no authorized but not issued bonds.

D. Capital Leases Payable

The District had no Capital Leases during the 2012 School year.

E. Accrued Liability – Early Retirement Incentive Program

The Board elected to participate in the State of New Jersey 1993 Early Retirement Incentive Program ("ERIP") for the Teachers' Pension and Annuity Fund ("TPAF"). In order to finance the liability under the program, the Board elected to pay the State of New Jersey over a twenty-eight year period. The Board's outstanding liability is \$220,000.00 as of June 30, 2012.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

12. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by New Jersey Division of Pension of and Benefits ("Division"). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly-available financial report that includes the financial statements and is required supplementary information for the Public Employees Retirement Systems and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund ("TPAF") - The Teachers' Pension and Annuity Fund was established as of January 1, 1955 under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional, and certified.

Public Employees' Retirement System ("PERS") - The Public Employees' Retirement System was established in January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A: 6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

Members are always full vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members account.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

12. PENSION PLANS (CONT'D)

Significant Legislation - During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997) changed the assets valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for reduction in the employee's rate after calendar year 1999 providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and to change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially-determined rate in both TPAF and PERS. The actuarially- determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 163,597	100.00%	\$ 163,597
2011	159,584	100.00	159,584
2010	118,875	100.00	118,375

Three-Year Trend Information (Paid on Behalf of District)

<u>Year Funding June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ None	100.00%	None
2011	None	100.00	None
2010	None	100.00	None

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

12. PENSION PLANS (CONT'D)

Contribution Requirements(Cont'd)

During the year ended June 30, 2012, the State of New Jersey contributed \$22,568.00 to the TPAF for NCGI premiums \$210,302.00 for Normal Contributions and \$468,131.00 for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A: 66-66, the State of New Jersey reimbursed the District \$513,880.66 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as a revenues and expenditures in accordance with GASB 24.

Legislation enacted during 1991 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1992 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The District will assume the increased cost for the early retirement as it affects their District.

13. POST – RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2011 there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in fiscal year 2011.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

13. POST – RETIREMENT BENEFITS(CONT'D)

The State will set the contribution rate based on the annual required contribution of the employers ("ARC"), an amount actuarially-determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed 30 years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2012, 2011, and 2010 were \$468,131.00, \$473,821.00, and \$478,700.00, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

14. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The table below is a summary of the District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and the previous two years.

<u>Fiscal Year</u>	<u>Board Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011/12	\$76,174	\$ 20,852	\$ 67,573	\$ 18,986
2010/11	53,950	13,263	68,809	(13,465)
2009/10	52,885	14,466	73,015	(11,869)

15. CONTINGENT LIABILITIES

Grant Programs

The District participates in federally-assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

16. FUND BALANCE APPROPRIATED

The District has implemented GASB 54 during fiscal year 2012.

As such, fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable Fund Balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund).
- Restricted Fund Balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed Fund Balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.
- Assigned Fund Balance – amounts a District *intends* to use for a specific purpose; intent can be expressed by the Board or by an official or body to which the Board delegates the authority.
- Unassigned Fund Balance – amounts that are available for any purpose; these amounts are reported only in the General Fund.

Fund balance reporting is the result of State Statutes, New Jersey Department of Education regulations and motions (resolutions/ordinances) that are passed at Board meetings. The Board acts on these motions under the guidance of the District's Superintendent and Business Administrator.

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of each fiscal year, utilizing adjusting journal entries.

First, non-spendable fund balances are determined; then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Any remaining fund balance amounts for the non-General Funds are classified as restricted fund balances.

There is a potential for the non-General Funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceed the positive fund balances for the non-General Funds.

Classification Totals

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Fund Balances:					
Restricted	\$ 605,187.91		\$ 0.09		\$ 605,188.00
Committed					
Assigned	456,574.81		1.00		456,575.81
Unassigned	<u>(252,030.19)</u>	<u>\$(18,018.00)</u>			<u>(270,048.19)</u>
	<u>\$ 809,732.53</u>	<u>\$(18,018.00)</u>	<u>\$ 1.09</u>	<u>\$ 0.00</u>	<u>\$ 791,715.62</u>

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

17. CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2012 is \$141,151.91.

18. DEFICIT FUND BALANCE

The District has a deficit fund balance of \$(18,018.00) in the Special Revenue Fund as of June 30, 2012 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, unassigned general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$(18,018.00) is equal to the last state aid payment.

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012

19. PRIOR PERIOD RESTATEMENT OF ACTIVITIES – STATEMENT OF NET ASSETS

The Statement of Net Assets as of June 30, 2011 was restated as a result of the refunding bonds issued in 2005 not properly amortized.

	<u>Government Activities</u>	<u>Total</u>
Net Assets, Beginning	\$ 8,510,557.00	\$ 8,510,557.00
Prior Period Adjustment	<u>(71,000.00)</u>	<u>(71,000.00)</u>
Net Assets, Beginning As Restated	<u>\$ 8,439,557.00</u>	<u>\$ 8,439,577.00</u>
Noncurrent Liabilities, Beginning	\$ 2,695,534.00	\$ 2,695,534.00
Prior Period Adjustment	<u>71,000.00</u>	<u>71,000.00</u>
Noncurrent Liabilities, Beginning As Restated	<u>\$ 2,766,534.00</u>	<u>\$ 2,766,534.00</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART II

BUDGETARY COMPARISON SCHEDULES

SOUTH AMBOY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-1
Page 1 of 4

GENERAL FUND

Fiscal year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 7,975,677.00		\$ 7,975,677.00	\$ 7,975,677.00	
Tuition - From Individuals				930.20	\$ 930.20
Earnings on Investments				1,704.11	1,704.11
Unrestricted Miscellaneous Revenues	6,500.00		6,500.00	8,200.06	1,700.06
Total Local Sources	7,982,177.00		7,982,177.00	7,986,511.37	4,334.37
State Sources:					
Extraordinary Aid				78,980.00	78,980.00
Categorical Special Education Aid	634,381.00		634,381.00	634,381.00	
Equalization Aid	5,410,265.00	\$ 142,594.00	5,552,859.00	5,552,859.00	
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				468,131.00	468,131.00
TPAF NCGI Premiums (On-Behalf - Non-Budgeted)				22,568.00	22,568.00
TPAF Normal Contributions (On-Behalf - Non-Budgeted)				210,302.00	210,302.00
TPAF Social Security (Reimbursed - Non-Budgeted)				513,880.66	513,880.66
Total State Sources	6,044,646.00	142,594.00	6,187,240.00	7,481,101.66	1,293,861.66
Federal Sources:					
Education Jobs Fund	219,199.00	6,867.00	226,066.00	226,066.00	
Medicaid Assistance Program (SEMI)	21,607.00	14,320.80	35,927.80	35,927.80	
Total Federal Sources	240,806.00	21,187.80	261,993.80	261,993.80	
Total Revenues	14,267,629.00	163,781.80	14,431,410.80	15,729,606.83	1,296,196.03
EXPENDITURES					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten	361,886.00	(74,105.92)	287,780.08	287,393.08	387.00
Grades 1-5	1,383,929.00	8,933.00	1,392,862.00	1,384,524.60	8,337.40
Grades 6-8	921,668.00	(134,282.29)	787,385.71	778,226.00	9,159.71
Grades 9-12	1,199,033.00	116,072.10	1,315,105.10	1,306,227.40	8,877.70
Regular Programs - Home Instruction:					
Salaries of Teachers	5,000.00	9,975.00	14,975.00	14,975.00	
Purchased Technical Services		23,230.00	23,230.00	17,260.00	5,950.00
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	218,515.00	50,719.56	269,234.56	247,981.10	21,253.46
Purchased Technical Services	71,000.00	(24,290.00)	46,710.00	46,170.86	539.14
Other Purchased Services	9,777.00	914.00	10,691.00	10,690.87	0.13
General Supplies	238,641.00	(22,334.91)	216,306.09	175,592.41	40,713.68
Textbooks	90,220.00	(32,134.36)	58,085.64	57,839.24	246.40
Other Objects	300.00	3,186.71	3,486.71	3,486.71	
Total Regular Programs - Instruction	4,499,969.00	(74,117.11)	4,425,851.89	4,330,387.27	95,464.62
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	215,327.00	20,239.55	235,566.55	235,566.55	
Other Salaries for Instruction	55,533.00	(25,859.18)	29,673.82	29,673.82	
General Supplies	1,000.00	(469.80)	530.20	530.20	
Total Learning and/or Language Disabilities	271,860.00	(6,089.43)	265,770.57	265,770.57	
Multiple Disabilities:					
Salaries of Teachers	257,346.00	(44,341.38)	213,004.62	212,864.62	140.00
Other Salaries for Instruction	33,387.00	(3,287.12)	30,099.88	30,099.88	
General Supplies	2,000.00	(463.13)	1,536.87	1,536.87	
Total Multiple Disabilities	292,733.00	(48,091.63)	244,641.37	244,501.37	140.00
Resource Room/Resource Center:					
Salaries of Teachers	617,970.00	175,445.16	793,415.16	759,394.61	34,020.55
Other Salaries for Instruction	157,640.00	(37,062.10)	120,577.90	119,714.66	863.24
General Supplies	250.00		250.00		250.00
Total Resource Room/Resource Center	775,860.00	138,383.06	914,243.06	879,109.27	35,133.79
Preschool Disabilities - Part-Time:					
Salaries of Teachers	50,111.00	(85.00)	50,026.00	49,185.00	841.00
Other Salaries for Instruction	31,643.00	(6,039.00)	25,604.00	25,604.00	
General Supplies	1,000.00		1,000.00		
Total Preschool Disabilities - Part-Time	82,754.00	(6,124.00)	76,630.00	75,789.00	841.00
Total Special Education - Instruction	1,423,207.00	78,078.00	1,501,285.00	1,465,170.21	36,114.79
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	2,625.00	(2,610.22)	214.78	214.78	
General Supplies	1,000.00		1,000.00	1,000.00	
Total Basic Skills/Remedial - Instruction	3,825.00	(2,610.22)	1,214.78	1,214.78	
Bilingual Education - Instruction:					
Salaries of Teachers	52,128.00	2,668.00	54,796.00	52,960.00	1,834.00
General Supplies	500.00		500.00		500.00
Total Bilingual Education - Instruction	52,628.00	2,668.00	55,294.00	52,960.00	2,334.00

SOUTH AMBOY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
School Sponsored Co/Extra-Curricular Activities - Instruction:					
Salaries	49,000.00		49,000.00	45,445.00	3,555.00
Purchased Services	1,900.00		1,900.00	639.40	1,260.60
Supplies and Materials	2,000.00		2,000.00	1,427.50	572.50
Other Objects	4,500.00	(806.00)	3,694.00	3,495.90	198.10
Total School Sponsored Co/Extra-Curricular Activities - Instruction	57,400.00	(806.00)	56,594.00	51,007.80	5,586.20
School Sponsored Athletics - Instruction:					
Salaries	163,633.00	(2,160.35)	161,472.65	161,472.65	
Supplies and Materials	9,500.00	13,633.85	23,133.85	11,256.13	11,877.72
Other Objects	27,225.00	(6,364.49)	20,860.51	20,724.51	136.00
Total School Sponsored Athletics - Instruction	200,358.00	5,109.01	205,467.01	193,453.29	12,013.72
Total - Instruction	6,237,385.00	8,321.68	6,245,706.68	6,094,193.35	151,513.33
Undist. Expend. - Instruction:					
Tuition To Other LEAs Within the State - Special		49,757.80	49,757.80	49,757.80	
Tuition To CSSD and Regular Day Schools	880,164.00	(108,407.00)	771,757.00	725,949.19	45,807.81
Tuition To Private Schools for the Disabled Within State	127,163.00	362,926.81	490,089.81	472,022.04	18,067.77
Tuition - State Facilities	60,000.00	(3,758.00)	56,242.00	56,242.00	
Total Undist. Expend. - Instruction	1,067,327.00	300,519.61	1,367,846.61	1,303,971.03	63,875.58
Undist. Expend. - Attendance & Social Work:					
Salaries	7,477.00		7,477.00	7,465.60	11.40
Other Objects	400.00		400.00		400.00
Total Undist. Expend. - Attendance & Social Work	7,877.00		7,877.00	7,465.60	411.40
Undist. Expend. - Health Services:					
Salaries	124,585.00	3,467.82	128,052.82	127,673.19	379.63
Purchased Professional and Technical Services	250.00	(20.00)	230.00	130.00	100.00
Supplies and Materials	4,200.00	(530.00)	3,670.00	3,250.69	419.31
Other Objects	550.00		550.00	357.42	192.58
Total Undist. Expend. - Health Services	129,585.00	2,917.82	132,502.82	131,411.30	1,091.52
Undist. Expend. - Other Support Serv. Students - Related Svc:					
Salaries	135,759.00	(5,155.00)	130,604.00	130,604.00	
Supplies and Materials	1,140.00	8,672.77	9,812.77	6,162.57	3,650.20
Total Undist. Expend. - Other Support Serv. Students - Related Svc.	136,899.00	3,517.77	140,416.77	136,766.57	3,650.20
Undist. Expend. - Other Support Serv. Students - Regular:					
Salaries of Other Professional Staff	284,227.00	(9,576.00)	274,651.00	274,650.18	0.82
Salaries of Secretarial and Clerical Assistants	42,170.00	188.88	42,358.88	42,358.88	
Purchased Professional - Educational Services	200.00		200.00		200.00
Other Purchased Professional and Technical Services	8,161.00		8,161.00	7,127.38	1,033.62
Miscellaneous Purchased Services	7,400.00	1,401.84	8,801.84	7,398.75	1,403.09
Supplies and Materials	500.00	(181.00)	319.00	68.00	271.00
Total Undist. Expend. - Other Support Serv. Students - Regular	342,658.00	(8,146.28)	334,511.72	331,603.19	2,908.53
Undist. Expend. - Other Support Serv. Students - Special:					
Salaries of Other Professional Staff	228,907.00	44,388.11	273,295.11	273,295.11	
Salaries of Secretarial and Clerical Assistants	41,670.00	(61.20)	41,608.80	41,608.80	
Purchased Professional - Educational Services	58,000.00	33,802.29	91,802.29	49,697.15	42,105.14
Other Purchased Professional and Technical Services	6,661.00		6,661.00	6,660.88	0.12
Miscellaneous Purchased Services	1,500.00	(202.00)	1,298.00	397.29	900.71
Supplies and Materials	6,500.00	1,481.89	7,981.89	6,057.09	1,924.80
Other Objects	3,000.00	(752.89)	2,247.11	1,193.00	1,054.11
Total Undist. Expend. - Other Support Serv. Students - Special	346,238.00	78,656.20	424,894.20	378,909.32	45,984.88
Undist. Expend. - Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	75,745.00	(7,500.00)	68,245.00	62,960.46	5,284.54
Total Undist. Expend. - Improvement of Instructional Services	75,745.00	(7,500.00)	68,245.00	62,960.46	5,284.54
Undist. Expend. - Educational Media/School Library:					
Salaries	58,684.00	68,527.96	127,211.96	127,211.74	0.22
Salaries of Technology Coordinators	71,740.00	(71,740.00)			
Supplies and Materials	1,000.00	15.00	1,015.00	962.21	52.79
Total Undist. Expend. - Educational Media/School Library	131,424.00	(3,197.04)	128,226.96	128,173.95	53.01
Undist. Expend. - Instructional Staff Training Services:					
Other Objects	500.00		500.00	150.00	350.00
Total Undist. Expend. - Instructional Staff Training Services	500.00		500.00	150.00	350.00

SOUTH AMBOY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
Undist. Expend. - Support Services - General Administration:					
Salaries	249,681.00	(7.12)	249,673.88	249,586.56	87.32
Legal Services	35,000.00	(6,000.00)	29,000.00	24,887.19	4,112.81
Audit Fees	13,000.00	18,775.00	31,775.00	12,875.00	18,900.00
Architectural/Engineering Services		5,000.00	5,000.00		5,000.00
Other Purchased Professional Services	17,661.00	(10,673.40)	6,987.60	6,987.48	0.12
Purchased Technical Services	500.00	(500.00)			
Communications/Telephone	34,500.00	(3,364.38)	31,135.62	27,950.19	3,185.43
BOE Other Purchased Services	750.00	(750.00)			
Other Purchased Services	111,675.00	(305.46)	111,369.54	109,620.37	1,749.17
General Supplies	3,000.00	1,559.00	4,559.00	3,509.00	1,050.00
Miscellaneous Expenditures		14,516.46	14,516.46	14,516.46	
BOE Membership Dues and Fees	19,000.00	(17,891.10)	1,008.90	1,008.90	
Total Undist. Expend. - Support Services - General Administration	484,767.00	259.00	485,026.00	450,941.15	34,084.85
Undist. Expend. - Support Services - School Administration:					
Salaries of Principals/Assistant Principals	420,724.00	13,915.18	434,639.18	434,639.18	
Salaries of Secretarial and Clerical Assistants	174,646.00	(4,372.74)	170,273.26	170,272.51	0.75
Purchased Professional and Technical Services	13,322.00		13,322.00	13,321.75	0.25
Other Purchased Services	2,000.00		2,000.00		
Supplies and Materials	4,500.00	(89.00)	4,411.00	3,805.08	605.92
Other Objects	5,000.00	89.00	5,089.00	4,760.10	328.90
Total Undist. Expend. - Support Services - School Administration	620,192.00	9,542.44	629,734.44	628,798.62	935.82
Undist. Expend. - Central Services:					
Salaries	258,701.00	(9,846.56)	248,854.44	244,168.61	4,685.83
Purchased Professional Services	4,100.00		4,100.00		
Purchased Technical Services	10,400.00	(670.00)	9,730.00	8,223.39	1,506.61
Miscellaneous Purchased Services	1,500.00	(171.55)	1,328.45	731.80	596.65
Supplies and Materials	6,500.00	8,799.02	15,299.02	12,062.02	3,237.00
Miscellaneous Expenditures	2,000.00	(372.00)	1,628.00	1,628.00	
Total Undist. Expend. - Central Services	283,201.00	(2,261.09)	280,939.91	270,913.82	10,026.09
Undist. Expend. - Admin. Info. Tech.:					
Salaries		11,369.44	11,369.44	11,369.44	
Purchased Technical Services	25,000.00	(4,383.15)	20,616.85	18,478.94	2,137.91
Supplies	8,000.00	2,500.00	10,500.00	7,868.19	2,631.81
Other Objects	8,000.00		8,000.00	8,000.00	
Total Undist. Expend. - Admin. Info. Tech.	41,000.00	9,486.29	50,486.29	45,716.57	4,769.72
Undist. Expend. - Required Maintenance for School Facilities:					
Salaries	156,092.00	9,300.62	165,392.62	157,392.62	8,000.00
Cleaning, Repair and Maintenance Services	130,000.00	36,726.88	166,726.88	156,316.08	10,410.80
General Supplies	36,300.00	(15.73)	36,284.27	30,991.36	5,292.91
Other Objects	30,000.00	12,494.10	42,494.10	36,264.04	6,230.06
Total Undist. Expend. - Required Maintenance for School Facilities	352,392.00	58,505.87	410,897.87	380,964.10	29,933.77
Undist. Expend. - Other Operation and Maintenance of Plant:					
Salaries	416,953.00	(22,177.90)	394,775.10	391,048.26	3,726.84
Cleaning, Repair and Maintenance Services	5,000.00	(2,000.00)	3,000.00	1,237.00	1,763.00
Insurance	47,870.00	(11,705.00)	36,165.00	35,151.00	1,014.00
General Supplies	36,000.00	3,911.00	39,911.00	32,883.75	7,027.25
Energy (Electricity)	465,000.00	(119,264.48)	345,735.52	305,050.00	40,685.52
Other Objects	80.00		80.00		80.00
Total Undist. Expend. - Other Oper. & Maint. of Plant	970,903.00	(151,236.38)	819,666.62	765,370.01	54,296.61
Total Undist. Expend. - Oper. & Maint. of Plant	1,323,295.00	(92,730.51)	1,230,564.49	1,146,334.11	84,230.38
Undist. Expend. - Student Transportation Services:					
Salaries of Non-Instructional Aides	15,790.00	(15,790.00)			
Salaries for Pupil Transp. (Bet. Home & School) - Special Ed.	100,835.00	(25,229.87)	75,605.13	69,071.84	6,533.29
Salaries for Pupil Transp. (Other than Bet. Home & School)	7,500.00	20,642.07	28,142.07	23,759.96	4,382.11
Contracted Services (Other Than Bet. Home & School) - Vendors	15,000.00	50.89	15,050.89	2,305.00	12,745.89
Contract Services (Special Ed. Students) - Joint Agreements		13,750.00	13,750.00	13,718.39	31.61
Contracted Services (Regular Students) - ESCs & CTSAs	185,000.00	(808.00)	184,192.00	125,108.95	59,083.05
Contracted Services (Special Ed. Students) - ESCs & CTSAs	320,000.00	(40,236.43)	279,763.57	225,972.09	53,791.48
Misc. Purchased Services - Transportation	4,000.00	(425.00)	3,575.00	3,575.00	
General Supplies	11,000.00	1,500.00	12,500.00	10,833.16	1,666.84
Transportation Supplies	500.00	(400.00)	100.00	12.31	87.69
Other Objects	10,500.00	405.00	10,905.00	10,650.80	254.40
Total Undist. Expend. - Student Transportation Services	670,125.00	(46,541.34)	623,583.66	484,807.30	138,776.36
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	165,000.00	44,248.13	209,248.13	155,283.12	53,965.01
Other Retirement Contributions - Regular	175,000.00	(11,015.00)	163,985.00	163,597.00	388.00
Unemployment Compensation	60,000.00	16,173.56	76,173.56	76,173.56	
Workmen's Compensation	104,500.00	(3,041.50)	101,458.50	101,458.50	
Health Benefits	2,019,305.00	(195,108.51)	1,824,196.49	1,824,196.49	
Tuition Reimbursement	56,500.00	(39,957.67)	16,542.33		16,542.33
Other Employee Benefits		100,542.72	100,542.72	100,542.72	
Total Unallocated Benefits - Employee Benefits	2,580,305.00	(88,158.27)	2,492,146.73	2,421,251.39	70,895.34

SOUTH AMBOY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (continued)					
On-Behalf Contributions:					
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				468,131.00	(468,131.00)
TPAF NCGI Premiums (On-Behalf - Non-Budgeted)				22,568.00	(22,568.00)
TPAF Normal Contributions (On-Behalf - Non-Budgeted)				210,302.00	(210,302.00)
TPAF Social Security (Reimbursed - Non-Budgeted)				513,880.66	(513,880.66)
Total On-Behalf Contributions				1,214,881.66	(1,214,881.66)
Total Personal Services - Employee Benefits	2,580,305.00	(88,158.27)	2,492,146.73	3,636,133.05	(1,143,986.32)
Total Undistributed Expenditures	8,241,138.00	156,364.60	8,397,502.60	9,145,056.04	(747,553.44)
Total Expenditures - Current Expense	14,478,523.00	164,686.28	14,643,209.28	15,239,249.39	(596,040.11)
CAPITAL OUTLAY					
Undistributed Expenditures:					
Instruction		11,990.00	11,990.00		11,990.00
School Buses - Special		97,787.92	97,787.92		97,787.92
Non-Instructional Equipment		5,041.91	5,041.91	5,041.91	
Total Undistributed Expenditures		114,819.83	114,819.83	5,041.91	109,777.92
Facilities Acquisition and Construction Services:					
Other Objects		581.00	581.00	581.00	
Total Facilities Acquisition and Construction Services		581.00	581.00	581.00	
Total Capital Outlay		115,400.83	115,400.83	5,622.91	109,777.92
Total Expenditures	14,478,523.00	280,087.11	14,758,610.11	15,244,872.30	(486,262.19)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(210,894.00)	(116,305.31)	(327,199.31)	484,734.53	811,933.84
Fund Balances, July 1	936,608.00		936,608.00	936,608.00	
Fund Balances, June 30	\$ 725,714.00	\$ (116,305.31)	\$ 609,408.69	\$ 1,421,342.53	\$ 811,933.84
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 50,100.00	
Maintenance Reserve				159,330.00	
Emergency Reserve				75,000.00	
Excess Surplus - Current Year				141,151.91	
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures				179,606.00	
Assigned To:					
Year-End Encumbrances				313,980.81	
Designated by the BOE for Subsequent Year's Expenditures				142,594.00	
Unassigned				359,579.81	
				1,421,342.53	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(611,610.00)	
Fund Balance per Governmental Funds (GAAP)				\$ 809,732.53	

SOUTH AMBOY SCHOOL DISTRICT

EDUCATION JOBS FUND
BUDGET AND ACTUAL

Fiscal year ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
REVENUES:					
Federal Sources:					
Education Jobs Fund	\$ 219,199.00	\$ 6,867.00	\$ 226,066.00	\$ 226,066.00	
Total Federal Sources	219,199.00	6,867.00	226,066.00	226,066.00	
Total Revenues	219,199.00	6,867.00	226,066.00	226,066.00	
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Salaries of Teachers:					
Preschool/Kindergarten		50,914.00	50,914.00	50,914.00	
Grades 6-8		49,680.00	49,680.00	49,680.00	
Other Salary for Instruction		35,226.00	35,226.00	35,226.00	
Total Regular Programs - Instruction		135,820.00	135,820.00	135,820.00	
Undist. Expend. - Other Support Serv. Students - Related Svc:					
Salaries		2,319.00	2,319.00	2,319.00	
Total Undist. Expend. - Other Support Serv. Students - Related Svc.		2,319.00	2,319.00	2,319.00	
Undist. Expend. - Other Operation and Maintenance of Plant:					
Salaries		45,328.00	45,328.00	45,328.00	
Total Undist. Expend. - Other Oper. & Maint. of Plant		45,328.00	45,328.00	45,328.00	
Unallocated Benefits - Employee Benefits:					
Health Benefits		42,599.00	42,599.00	42,599.00	
Total Unallocated Benefits - Employee Benefits		42,599.00	42,599.00	42,599.00	
Total Undistributed Expenditures		90,246.00	90,246.00	90,246.00	
Total Expenditures - Current Expense		226,066.00	226,066.00	226,066.00	
Total Expenditures		226,066.00	226,066.00	226,066.00	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	219,199.00	(219,199.00)			
Fund Balances, July 1					
Fund Balances, June 30	\$ 219,199.00	\$ (219,199.00)	\$ 0.00	\$ 0.00	\$ 0.00

SOUTH AMBOY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND

Fiscal year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Revenues:			
State Sources	\$ 428,920.44	\$ 428,920.44	
Federal Sources	<u>723,233.50</u>	<u>723,233.50</u>	
Total Revenues	<u>1,152,153.94</u>	<u>1,152,153.94</u>	
Expenditures:			
Instruction:			
Salaries of Teachers	314,174.00	314,174.00	
Other Salaries for Instruction	21,341.00	21,341.00	
Other Purchased Services	257,953.00	257,953.00	
General Supplies	17,749.17	17,749.17	
Textbooks	<u>24,743.00</u>	<u>24,743.00</u>	
Total Instruction	<u>635,960.17</u>	<u>635,960.17</u>	
Support Services:			
Salaries	17,358.00	17,358.00	
Salaries of Program Directors	6,781.00	6,781.00	
Salaries of Other Professional Staff	15,822.00	15,822.00	
Salaries of Secr. And Clerical Assistants	2,034.00	2,034.00	
Personal Services- Employee Benefits	42,733.00	42,733.00	
Professional and Technical Services	403,827.50	403,827.50	
Purchased Professional Educational Services	3,626.00	3,626.00	
Other Purchased Professional Educational Services	11,935.50	11,935.50	
Other Purchased Services	7,476.00	7,476.00	
Supplies and Materials	<u>4,600.77</u>	<u>4,600.77</u>	
Total Support Services	<u>516,193.77</u>	<u>516,193.77</u>	
Total Expenditures	<u>1,152,153.94</u>	<u>1,152,153.94</u>	
Total Outflows	<u>1,152,153.94</u>	<u>1,152,153.94</u>	
Excess/(Deficiency) of Revenues Over/(Under)			
Expenditures and Other Financing Uses	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

SOUTH AMBOY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION

Fiscal year ended June 30, 2012

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Special Revenue Fund</u>
SOURCES/INFLOWS OF RESOURCES		
Actual amounts (budgetary) "revenues" from the Budgetary Comparison Schedules	\$ 15,729,606.83	\$ 1,152,153.94
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year encumbrances.		48,768.42
Current year encumbrances.		(48,019.00)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	692,129.00	
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).	<u>(611,610.00)</u>	<u>(18,018.00)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,810,125.83</u>	<u>\$ 1,134,885.36</u>
USES/OUTFLOWS OF RESOURCES		
Actual amounts (budgetary basis) "total outflows" from the Budgetary Comparison Schedule	\$ 15,244,872.30	\$ 1,152,153.94
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year encumbrances.		48,768.42
Current year encumbrances.		<u>(48,019.00)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 15,244,872.30</u>	<u>\$ 1,152,903.36</u>

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

SOUTH AMBOY SCHOOL DISTRICT
SPECIAL REVENUE FUND

Exhibit E-1
Page 1 of 2

COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ending June 30, 2012

	N. J. Nonpublic								
	Auxiliary Services Ch. 192				Handicapped Services Ch. 193				
	Textbooks Aid	Nursing Aid	Compensatory Education	ESL	Transportation	Home Instruction	Exam. and Classification	Corrective Speech	Supplementary Instruction
Revenues									
State Sources	\$ 24,743.00	\$ 35,704.00	\$ 69,317.00	\$ 22,585.00	\$ 17,358.00	\$ 3,626.00	\$ 24,647.00	\$ 7,425.00	\$ 25,255.00
Federal Sources									
Total Revenues	\$ 24,743.00	\$ 35,704.00	\$ 69,317.00	\$ 22,585.00	\$ 17,358.00	\$ 3,626.00	\$ 24,647.00	\$ 7,425.00	\$ 25,255.00
Expenditures									
Instruction:									
Salaries of Teachers				\$ 22,585.00					
Other Salaries for Instruction									
Other Purchased Services									
General Supplies									
Textbooks	\$ 24,743.00								
Total Instruction	24,743.00			22,585.00					
Support Services:									
Salaries					\$ 17,358.00				
Salaries of Program Directors									
Salaries of Other Professional Staff									
Salaries of Sec. And Clerical Assistants									
Personal Services - Employee Benefits									
Professional and Technical Services									
Purchased Professional - Educational Services									
Other Purchased Professional - Educational Services									
Other Purchased Services									
Supplies and Materials									
Total Support Services		35,704.00	69,317.00	\$ 22,585.00	17,358.00	3,626.00	24,647.00	7,425.00	25,255.00
Total Expenditures	\$ 24,743.00	\$ 35,704.00	\$ 69,317.00	\$ 22,585.00	\$ 17,358.00	\$ 3,626.00	\$ 24,647.00	\$ 7,425.00	\$ 25,255.00

SOUTH AMBOY SCHOOL DISTRICT
SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS

For the fiscal year ending June 30, 2012

	I.D.E.A. Part B		No Child Left Behind		Preschool Education Aid	Totals
	Basic 2011/12	Preschool 2011/12	Title I	Title II Part A		
Revenues						
State Sources	\$ 379,761.00	\$ 8,142.00	\$ 270,706.00	\$ 64,624.50	\$ 198,260.44	\$ 428,920.44
Federal Sources	\$ 379,761.00	\$ 8,142.00	\$ 270,706.00	\$ 64,624.50	\$ 198,260.44	\$ 1,152,153.94
Total Revenues						
Expenditures						
Instruction:						
Salaries of Teachers			\$ 135,863.00	\$ 27,800.00	\$ 127,926.00	\$ 314,174.00
Other Salaries for Instruction	\$ 249,811.00	\$ 8,142.00			21,341.00	21,341.00
Other Purchased Services			13,529.00		4,220.17	257,953.00
General Supplies						17,749.17
Textbooks						24,743.00
Total Instruction	249,811.00	8,142.00	149,392.00	27,800.00	153,487.17	635,960.17
Support Services:						
Salaries						17,358.00
Salaries of Program Directors					6,781.00	6,781.00
Salaries of Other Professional Staff			5,000.00		10,822.00	15,822.00
Salaries of Sec. And Clerical Assistants					2,034.00	2,034.00
Personal Services - Employee Benefits			27,173.00	5,560.00	10,000.00	42,733.00
Professional and Technical Services	129,950.00		83,741.00	27,788.50		403,827.50
Purchased Professional - Educational Services						3,626.00
Other Purchased Professional - Educational Services			4,000.00	3,476.00	11,935.50	11,935.50
Other Purchased Services			1,400.00		7,476.00	7,476.00
Supplies and Materials					3,200.77	4,600.77
Total Support Services	129,950.00		121,314.00	36,824.50	44,773.27	516,193.77
Total Expenditures	\$ 379,761.00	\$ 8,142.00	\$ 270,706.00	\$ 64,624.50	\$ 198,260.44	\$ 1,152,153.94

SOUTH AMBOY SCHOOL DISTRICT

SPECIAL REVENUE FUND

SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS

For the fiscal year ended June 30, 2012

DISTRICT-WIDE TOTALS

	2012 <u>Budgeted</u>	2012 <u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 127,926.00	\$ 127,926.00	
Other Salaries for Instruction	21,341.00	21,341.00	
General Supplies	4,220.17	4,220.17	
Other Objects			
Total Instruction	<u>153,487.17</u>	<u>153,487.17</u>	
Support Services:			
Salaries of Program Directors	6,781.00	6,781.00	
Salaries of Other Professional Staff	10,822.00	10,822.00	
Salaries of Secr. And Clerical Assistants	2,034.00	2,034.00	
Personal Services - Employee Benefits	10,000.00	10,000.00	
Purchased Professional - Educational Services	11,935.50	11,935.50	
Supplies and Materials	<u>3,200.77</u>	<u>3,200.77</u>	
Total Support Services	<u>44,773.27</u>	<u>44,773.27</u>	
Total Expenditures	<u>\$ 198,260.44</u>	<u>\$ 198,260.44</u>	<u>\$ 0.00</u>

SUMMARY OF LOCATION TOTALS

Total revised 2011-12 Preschool Education Aid Allocation	\$ 198,260.44
Add: Actual ECPA/PEA Carryover (June 30, 2011)	
Add: Budgeted Transfer from the General Fund 2011-12	
Total Preschool Education Aid Funds Available for 2011-12 Budget	198,260.44
Less:	
2011-12 Budgeted Preschool Education Aid (Including prior-year budget carryover)	<u>(198,260.44)</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2012	
Add:	
June 30, 2012 Unexpended Preschool Education Aid	
2011-12 Carryover - Preschool Education Aid Programs	<u>\$ 0.00</u>
2011-12 Preschool Education Aid Carryover Budgeted for Preschool Programs 2012-13	<u>\$ 0.00</u>

CAPITAL PROJECTS FUND
DETAIL STATEMENTS

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the District's Board is that the costs of providing goods or services be financed through user charges.

FOOD SERVICE FUND

This Fund provides for the operation of food services within the School District.

This section has already been included in Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund: This Agency Fund is used to account for student funds held at the schools.

Payroll Fund: This Agency Fund is used to account for the payroll transactions of the School District.

Unemployment Compensation Trust Fund: This Fund is used to account for assets to finance the cost of unemployment benefits.

SOUTH AMBOY SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2012

	Student Activity Agency Fund	Payroll Agency Fund	Unemployment Compensation Trust	Scholarships and Donations	Totals
<u>Assets</u>					
Cash and Cash Equivalents	\$ 111,352.59	\$ 377,732.97	\$ 27,487.48	\$ 39,003.04	\$ 556,576.08
IntraFund Receivable		7,101.00			7,101.00
Total Assets	<u>\$ 111,352.59</u>	<u>\$ 384,833.97</u>	<u>\$ 27,487.48</u>	<u>\$ 39,003.04</u>	<u>\$ 562,677.08</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Intrafund Payable			\$ 7,101.00		\$ 7,101.00
Payable to State Government			1,399.99		1,399.99
Payable to Student Groups	\$ 111,352.59				111,352.59
Payroll Deductions and Withholdings		\$ 384,833.97			384,833.97
Total Liabilities	<u>111,352.59</u>	<u>384,833.97</u>	<u>8,500.99</u>		<u>504,687.55</u>
Fund Balances:					
Reserve for Scholarship				39,003.04	39,003.04
Reserved - Unemployment Compensation Insurance			18,986.49		18,986.49
Total Fund Balances			<u>18,986.49</u>	<u>39,003.04</u>	<u>57,989.53</u>
Total Liabilities and Fund Balances	<u>\$ 111,352.59</u>	<u>\$ 384,833.97</u>	<u>\$ 27,487.48</u>	<u>\$ 39,003.04</u>	<u>\$ 562,677.08</u>

SOUTH AMBOY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS

For the fiscal year ended June 30, 2012

	Unemployment Compensation <u>Trust</u>	Scholarships and <u>Donations</u>	<u>Totals</u>
Additions:			
Contributions:			
Interest		\$ 6.35	\$ 6.35
Other		19,341.69	19,341.69
Board	\$ 76,173.56		76,173.56
Employees	<u>20,851.82</u>		<u>20,851.82</u>
Total Contributions	<u>97,025.38</u>	<u>19,348.04</u>	<u>116,373.42</u>
Total Additions	<u>97,025.38</u>	<u>19,348.04</u>	<u>116,373.42</u>
Deductions:			
Scholarship Awarded		22,560.00	22,560.00
Quarterly Contribution Reports			
Unemployment Claims	<u>64,573.89</u>		<u>64,573.89</u>
Total Deductions	<u>64,573.89</u>	<u>22,560.00</u>	<u>87,133.89</u>
Change in Net Assets	32,451.49	(3,211.96)	29,239.53
Net Assets - Beginning of Year	<u>(13,465.00)</u>	<u>42,215.00</u>	<u>28,750.00</u>
Net Assets - End of Year	<u><u>\$ 18,986.49</u></u>	<u><u>\$ 39,003.04</u></u>	<u><u>\$ 57,989.53</u></u>

SOUTH AMBOY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

STUDENT ACTIVITY AGENCY FUND

For the fiscal year ended June 30, 2012

	Balance July 1, <u>2011</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2012</u>
<u>High Schools</u>				
H.G. Hoffman High School	<u>\$ 78,684.00</u>	<u>\$ 151,791.78</u>	<u>\$ 137,276.70</u>	<u>\$ 93,199.08</u>
Total High Schools	<u>78,684.00</u>	<u>151,791.78</u>	<u>137,276.70</u>	<u>93,199.08</u>
Athletic	<u>20,688.00</u>	<u>8,505.24</u>	<u>11,039.73</u>	<u>18,153.51</u>
Total Athletic	<u>20,688.00</u>	<u>8,505.24</u>	<u>11,039.73</u>	<u>18,153.51</u>
Total Assets	<u><u>\$ 99,372.00</u></u>	<u><u>\$ 160,297.02</u></u>	<u><u>\$ 148,316.43</u></u>	<u><u>\$ 111,352.59</u></u>

SOUTH AMBOY SCHOOL DISTRICT

PAYROLL AGENCY FUND

SCHEDULE OF RECEIPTS AND DISBURSEMENTS

For the fiscal year ended June 30, 2012

	Balance July 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2012</u>
<u>Assets</u>				
Cash	\$ 272,268.00	\$ 4,514,436.86	\$ 4,408,971.89	\$ 377,732.97
Interfund Accounts Receivable	<u>7,101.00</u>	<u> </u>	<u> </u>	<u>7,101.00</u>
Total Assets	<u>\$ 279,369.00</u>	<u>\$ 4,514,436.86</u>	<u>\$ 4,408,971.89</u>	<u>\$ 384,833.97</u>
<u>Liabilities</u>				
Payroll Deductions and Withholdings	<u>\$ 279,369.00</u>	<u>\$ 4,514,436.86</u>	<u>\$ 4,408,971.89</u>	<u>\$ 384,833.97</u>
Total Liabilities	<u>\$ 279,369.00</u>	<u>\$ 4,514,436.86</u>	<u>\$ 4,408,971.89</u>	<u>\$ 384,833.97</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding and obligations under capital leases.

SOUTH AMBOY SCHOOL DISTRICT

STATEMENT OF SERIAL BONDS

June 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Adjustment	Balance As Restated July 1, 2011	Retired	Balance June 30, 2012
			Date	Amount						
School Refunding ERIP Bonds, Series 2005	06/23/05	\$ 415,000.00	09/15/12	30,000.00	5.00%	\$ 250,000.00		\$ 250,000.00	\$ 30,000.00	\$ 220,000.00
			09/15/13	35,000.00	5.00%					
			09/15/14	35,000.00	5.00%					
			09/15/15	40,000.00	5.00%					
			09/15/16	40,000.00	5.00%					
			09/15/17	40,000.00	5.00%					
School Refunding Bonds, Series 2005	05/12/05	3,640,000.00	09/15/12	395,000.00	3.55%	1,104,000.00	\$ 71,000.00	1,175,000.00	395,000.00	780,000.00
			09/15/13	385,000.00	3.55%					
						\$ 1,354,000.00	\$ 71,000.00	\$ 1,425,000.00	\$ 425,000.00	\$ 1,000,000.00

SOUTH AMBOY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

For the fiscal year ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative) Final To Actual</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 590,929.00		\$ 590,929.00	\$ 590,929.00	
State Sources:					
Debt Service Aid Type II	249,378.00		249,378.00	249,378.00	
Total Revenues	840,307.00		840,307.00	840,307.00	
<u>Expenditures</u>					
Regular Debt Service:					
Interest on Bonds	48,034.00	\$ (0.32)	48,033.68	48,033.50	\$ 0.18
Interest on Early Retirement Bonds	11,750.00		11,750.00	11,750.00	
Redemption of Principal	780,526.00	0.32	780,526.32	780,526.32	
Total Regular Debt Service	840,310.00		840,310.00	840,309.82	0.18
Total Expenditures	840,310.00		840,310.00	840,309.82	0.18
Excess/(Deficiency) of Revenue Over/(Under) Expenditures	(3.00)		(3.00)	(2.82)	0.18
Excess/(Deficiency) of Revenues and Other Financial Sources Over/(Under) Expenditures	(3.00)		(3.00)	(2.82)	0.18
Fund Balance, July 1	3.00		3.00	3.91	0.91
Fund Balance, June 30	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.09	\$ 1.09
Recapitulation of Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Budgeted Fund Balance	\$ (3.00)	\$ 0.00	\$ (3.00)	\$ (2.82)	\$ 0.18

SOUTH AMBOY SCHOOL DISTRICT
STATEMENT OF LOANS PAYABLE

June 30, 2012

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
			<u>Date</u>	<u>Amount</u>		<u>July 1, 2011</u>		
N.J. Public School Facilities Loan	07/15/93	\$ 6,755,000	07/15/12-13	\$ 355,526.32	1.50%	\$ 1,066,578.96	\$ 355,526.32	\$ 711,052.64
						\$ 1,066,578.96	\$ 355,526.32	\$ 711,052.64

STATISTICAL SECTION

FINANCIAL TRENDS/INFORMATION SCHEDULES

SOUTH AMBOY SCHOOL DISTRICT

NET ASSETS BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Government Activities:										
Invested in Capital Assets, Net of Related Debt	\$ 2,791,432.00	\$ 3,338,953.00	\$ 4,399,854.00	\$ 4,829,624.00	\$ 5,470,592.00	\$ 6,080,895.00	\$ 6,562,737.00	\$ 7,382,118.00	\$ 8,284,843.00	\$ 9,175,959.88
Restricted	308,069.00	415,696.00	439,270.00	695,806.00	419,252.00	76,357.00	210,547.00	402,708.00	553,855.00	810,072.74
Unrestricted	273,742.00	359,016.00	(105,125.00)	(130,800.00)	(105,683.00)	(92,583.00)	(376,588.00)	(427,903.00)	(328,141.00)	(615,218.19)
Total Government Activities Net Assets	\$ 3,373,243.00	\$ 4,113,665.00	\$ 4,733,999.00	\$ 5,394,630.00	\$ 5,784,161.00	\$ 6,064,669.00	\$ 6,396,686.00	\$ 7,356,923.00	\$ 8,510,557.00	\$ 9,370,814.43
Business-Type Activities:										
Invested in Capital Assets, Net of Related Debt										
Restricted	\$ 41,863.00	\$ 72,262.00	\$ 47,085.00	\$ 21,908.00	\$ 9,312.00	\$ 11,700.00	\$ 10,285.00	\$ 36,993.00	\$ 29,493.00	\$ 28,043.46
Unrestricted	118,108.00	31,431.00	20,999.00	20,999.00	20,999.00	20,999.00	20,999.00	20,999.00	20,999.00	20,999.00
		41,347.00	32,092.00	49,239.00	50,967.00	7,019.00	9,302.00	42,544.00	49,572.00	49,757.92
Total Business-Type Activities Net Assets	\$ 159,971.00	\$ 145,040.00	\$ 100,176.00	\$ 92,146.00	\$ 81,278.00	\$ 39,718.00	\$ 40,586.00	\$ 100,536.00	\$ 100,064.00	\$ 77,801.38
District-wide:										
Invested in Capital Assets, Net of Related Debt	\$ 2,791,432.00	\$ 3,411,215.00	\$ 4,446,939.00	\$ 4,851,532.00	\$ 5,479,904.00	\$ 6,092,595.00	\$ 6,573,022.00	\$ 7,419,111.00	\$ 8,314,336.00	\$ 9,204,003.34
Restricted	349,932.00	447,127.00	460,269.00	716,805.00	440,251.00	97,356.00	231,546.00	423,707.00	574,854.00	810,072.74
Unrestricted	391,850.00	400,363.00	(73,033.00)	(81,561.00)	(54,716.00)	(85,564.00)	(367,286.00)	(385,359.00)	(278,569.00)	(565,460.27)
Total District Net Assets	\$ 3,533,214.00	\$ 4,258,705.00	\$ 4,834,175.00	\$ 5,486,776.00	\$ 5,865,439.00	\$ 6,104,387.00	\$ 6,437,282.00	\$ 7,457,459.00	\$ 8,610,621.00	\$ 9,448,615.81

SOUTH AMBOY SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year Ending June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ (6,192,011.00)	\$ (5,875,264.00)	\$ (5,910,011.00)	\$ (6,271,349.00)	\$ (6,677,479.00)	\$ (7,280,561.00)	\$ (7,390,206.00)	\$ (7,682,620.00)	\$ (7,178,755.00)	\$ (7,266,397.96)
Special Education	(1,229,195.00)	(1,324,747.00)	(1,467,357.00)	(1,601,797.00)	(1,642,550.00)	(2,239,866.00)	(1,930,459.00)	(1,996,168.00)	(1,931,783.00)	(2,045,480.51)
Other Special Education	(130,799.00)	(182,338.00)	(147,913.00)	(220,517.00)	(221,158.00)	(170,514.00)	(107,843.00)	(108,127.00)	(125,052.00)	(356,945.37)
Other Instruction	(275,863.00)	(376,366.00)	(384,858.00)	(346,349.00)	(367,684.00)	(374,596.00)	(280,764.00)	(279,161.00)	(281,085.00)	(244,481.09)
Support Services:										
Tuition	(599,459.00)	(627,890.00)	(405,790.00)	(507,504.00)	(572,386.00)	(638,294.00)	(739,111.00)	(784,049.00)	(890,539.00)	(1,303,971.03)
Student and Instruction Related Services	(2,233,251.00)	(2,317,354.00)	(2,173,374.00)	(2,497,053.00)	(2,700,072.00)	(2,690,910.00)	(2,308,867.00)	(2,214,753.00)	(2,199,333.00)	(2,006,403.74)
General Administration	(1,013,752.00)	(903,711.00)	(1,056,076.00)	(1,007,038.00)	(884,319.00)	(743,264.00)	(1,012,973.00)	(873,835.00)	(787,335.00)	(571,764.69)
School Administrative Services	(693,809.00)	(587,031.00)	(732,999.00)	(771,085.00)	(856,567.00)	(832,977.00)	(724,495.00)	(856,744.00)	(891,351.00)	(820,150.84)
Plant Operations and Maintenance	(980,653.00)	(1,169,429.00)	(1,269,336.00)	(1,251,822.00)	(1,405,594.00)	(1,389,533.00)	(1,459,434.00)	(1,467,512.00)	(1,486,353.00)	(1,382,360.23)
Pupil Transportation	(312,990.00)	(358,797.00)	(318,984.00)	(414,807.00)	(504,173.00)	(610,366.00)	(663,073.00)	(540,031.00)	(492,916.00)	(484,907.30)
Central Services										(270,913.82)
Administrative Informational Technology										(45,716.57)
Capital Outlay	(273,318.00)				(1,100.00)	(30,171.00)				
Interest on Long-Term Debt	(442,353.00)	(407,153.00)	(368,464.00)	(214,694.00)	(209,886.00)	(178,809.00)	(147,285.00)	(70,222.00)	(79,035.00)	(54,687.57)
Unallocated Depreciation	(389,313.00)	(390,824.00)	(365,638.00)	(369,442.00)	(301,284.00)					
Total Governmental Activities Expenses	<u>(14,756,766.00)</u>	<u>(14,420,904.00)</u>	<u>(14,620,802.00)</u>	<u>(15,479,511.00)</u>	<u>(16,544,252.00)</u>	<u>(17,179,881.00)</u>	<u>(16,792,499.00)</u>	<u>(16,853,220.00)</u>	<u>(16,343,539.00)</u>	<u>(16,854,060.71)</u>
Business-Type Activities:										
Food Service	(379,051.00)	(363,577.00)	(399,361.00)	(394,074.00)	(421,463.00)	(482,335.00)	(441,389.00)	(484,806.00)	(445,217.00)	(446,074.26)
Total Business-Type Activities Expenses	<u>(379,051.00)</u>	<u>(363,577.00)</u>	<u>(399,361.00)</u>	<u>(394,074.00)</u>	<u>(421,463.00)</u>	<u>(482,335.00)</u>	<u>(441,389.00)</u>	<u>(484,806.00)</u>	<u>(445,217.00)</u>	<u>(446,074.26)</u>
Total District Expenses	<u>\$ (15,135,817.00)</u>	<u>\$ (14,784,481.00)</u>	<u>\$ (15,020,163.00)</u>	<u>\$ (15,867,585.00)</u>	<u>\$ (16,965,715.00)</u>	<u>\$ (17,662,196.00)</u>	<u>\$ (17,203,888.00)</u>	<u>\$ (17,338,026.00)</u>	<u>\$ (16,788,756.00)</u>	<u>\$ (17,300,134.97)</u>
Program Revenues:										
Governmental Activities:										
Charges for Services	\$ 20,688.00	\$ 33,248.00								\$ 930.20
Operating Grants and Contributions	1,090,687.00	1,088,230.00	\$ 1,088,178.00	\$ 1,025,277.00	\$ 1,086,445.00	\$ 1,095,516.00	\$ 211,050.00	\$ 187,855.00	\$ 662,790.00	\$ 249,378.00
Total Governmental Activities Program Revenues	<u>1,111,375.00</u>	<u>1,121,479.00</u>	<u>1,088,178.00</u>	<u>1,025,277.00</u>	<u>1,086,445.00</u>	<u>1,095,516.00</u>	<u>211,050.00</u>	<u>187,855.00</u>	<u>662,790.00</u>	<u>250,308.20</u>
Business-Type Activities:										
Charges for Services	202,999.00	221,722.00	233,371.00	252,522.00	243,051.00	250,102.00	238,006.00	242,748.00	215,333.00	193,795.54
Operating Grants and Contributions	114,768.00	117,679.00	117,032.00	133,367.00	167,544.00	190,673.00	204,251.00	256,124.00	229,304.00	224,890.46
Total Business-Type Activities Program Revenues	<u>317,767.00</u>	<u>339,401.00</u>	<u>350,403.00</u>	<u>385,889.00</u>	<u>410,595.00</u>	<u>440,775.00</u>	<u>442,257.00</u>	<u>498,872.00</u>	<u>444,637.00</u>	<u>418,686.00</u>
Total District Program Revenues	<u>\$ 1,429,142.00</u>	<u>\$ 1,460,880.00</u>	<u>\$ 1,438,581.00</u>	<u>\$ 1,411,166.00</u>	<u>\$ 1,497,040.00</u>	<u>\$ 1,536,291.00</u>	<u>\$ 653,307.00</u>	<u>\$ 686,727.00</u>	<u>\$ 1,107,427.00</u>	<u>\$ 669,994.20</u>
Net (Expense)/Revenue:										
Governmental Activities:										
Net (Expense)/Revenue:										
Governmental Activities	\$ (13,645,391.00)	\$ (13,299,425.00)	\$ (13,532,624.00)	\$ (14,448,234.00)	\$ (15,457,807.00)	\$ (16,084,345.00)	\$ (16,551,449.00)	\$ (16,665,365.00)	\$ (15,680,749.00)	\$ (16,603,752.51)
Business-Type Activities	(61,284.00)	(24,176.00)	(48,958.00)	(8,185.00)	(10,868.00)	(41,590.00)	868.00	14,086.00	(580.00)	(27,388.26)
Total District-wide Net (Expense)/Revenue	<u>\$ (13,706,675.00)</u>	<u>\$ (13,323,601.00)</u>	<u>\$ (13,581,582.00)</u>	<u>\$ (14,456,419.00)</u>	<u>\$ (15,468,675.00)</u>	<u>\$ (16,125,905.00)</u>	<u>\$ (16,550,581.00)</u>	<u>\$ (16,651,299.00)</u>	<u>\$ (15,681,329.00)</u>	<u>\$ (16,631,140.77)</u>

SOUTH AMBOY SCHOOL DISTRICT

CHANGES IN NET ASSETS

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year Ending June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and										
Other Changes in Net Assets:										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes, Net	\$ 5,300,741.00	\$ 6,156,020.00	\$ 6,431,401.00	\$ 6,638,436.00	\$ 6,788,187.00	\$ 6,975,421.00	\$ 7,254,438.00	\$ 7,544,615.00	\$ 7,819,292.00	\$ 7,975,677.00
Debt Service	779,804.00	741,647.00	638,972.00	711,839.00	738,936.00	747,659.00	730,001.00	720,533.00	761,346.00	590,929.00
Unrestricted Federal and State Aid	7,107,109.00	7,096,118.00	7,062,902.00	7,735,759.00	8,317,795.00	8,720,732.00	8,894,047.00	9,348,697.00	8,235,410.00	8,958,499.82
Investment Earnings	23,616.00	4,333.00	6,620.00	6,291.00	5,582.00	4,067.00	3,105.00	3,056.00	1,590.00	1,704.11
Miscellaneous Income	127,122.00	46,897.00	15,063.00	24,040.00	18,868.00	39,160.00	11,895.00	8,691.00	16,745.00	8,200.01
Transfers	7,631.00			(7,500.00)						
Total Governmental Activities	13,345,023.00	14,045,015.00	14,152,958.00	15,108,865.00	15,847,338.00	16,487,099.00	16,893,476.00	17,625,592.00	16,834,383.00	17,535,009.94
Business-Type Activities:										
Miscellaneous Income	10,083.00	24,910.00	4,094.00	155.00				45,884.00	108.00	5,125.91
Transfers	(7,631.00)									
Total Business-Type Activities	2,452.00	24,910.00	4,094.00	155.00				45,884.00	108.00	5,125.91
Total District-wide	\$ 13,348,475.00	\$ 14,069,925.00	\$ 14,157,052.00	\$ 15,109,020.00	\$ 15,847,338.00	\$ 16,487,099.00	\$ 16,893,476.00	\$ 17,671,476.00	\$ 16,834,491.00	\$ 17,540,135.85
Changes in Net Assets:										
Governmental Activities	\$ (299,366.00)	\$ 745,590.00	\$ 620,334.00	\$ 660,631.00	\$ 389,531.00	\$ 402,754.00	\$ 332,027.00	\$ 960,227.00	\$ 1,153,634.00	\$ 931,257.43
Business-Type Activities	(58,832.00)	734.00	(44,864.00)	(8,030.00)	(10,888.00)	(41,560.00)	868.00	59,950.00	(472.00)	(22,282.35)
Total District	\$ (358,200.00)	\$ 746,324.00	\$ 575,470.00	\$ 652,601.00	\$ 378,643.00	\$ 361,194.00	\$ 332,895.00	\$ 1,020,177.00	\$ 1,153,162.00	\$ 908,995.08

SOUTH AMBOY SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:										
Reserved	\$ 157,242.00	\$ 284,702.00	\$ 402,263.00	\$ 688,887.00	\$ 418,831.00	\$ 75,590.00	\$ 209,780.00	\$ 402,317.00	\$ 553,851.00	
Unreserved	273,742.00	359,016.00	(34,202.00)	(67,530.00)	(50,204.00)	(45,030.00)	(394,141.00)	(403,363.00)	(309,372.00)	
Restricted										\$ 605,187.91
Assigned										456,574.81
Unassigned										(252,030.19)
Total General Fund	\$ 430,984.00	\$ 643,718.00	\$ 368,061.00	\$ 621,357.00	\$ 368,627.00	\$ 30,560.00	\$ (184,361.00)	\$ (1,046.00)	\$ 244,479.00	\$ 809,732.53
All Other Governmental Funds:										
Reserved	\$ 14,004.00		\$ 109,268.00	\$ 14,296.00		\$ 421.00	\$ 421.00	\$ 346.00	\$ 45.00	
Unreserved, Reported In:										
Capital Projects Fund	136,051.00									
Debt Service Fund	772.00	\$ 130,994.00	(72,261.00)	(7,377.00)	\$ 421.00	346.00	(30.00)	(298.00)	(41.00)	
Restricted for:										
Capital Projects Fund										
Debt Service Fund										\$ 0.09
Assigned to										1.00
Debt Service Fund										
Unassigned										
Special Revenue Fund										(18,018.00)
Total All Other Governmental Funds	\$ 150,827.00	\$ 130,994.00	\$ 37,007.00	\$ 6,919.00	\$ 421.00	\$ 767.00	\$ 391.00	\$ 48.00	\$ 4.00	\$ (18,016.91)

SOUTH AMBOY SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Tax Levy	\$ 6,080,545.00	\$ 6,697,667.00	\$ 7,068,373.00	\$ 7,350,275.00	\$ 7,505,103.00	\$ 7,723,080.00	\$ 7,984,439.00	\$ 8,265,148.00	\$ 8,580,638.00	\$ 8,566,606.00
Tuition	20,688.00	33,248.00								930.20
Interest in Investments	4,333.00	4,333.00	6,620.00	6,291.00	5,882.00	4,087.00	3,105.00	3,056.00	1,580.00	1,704.11
Miscellaneous	34,077.00	46,897.00	15,063.00	24,040.00	18,958.00	38,160.00	14,835.00	11,941.00	16,745.00	8,200.06
Intermediate Sources	1,800.00	5,443.00								
State Sources	7,574,600.00	7,539,610.00	7,492,163.00	8,126,019.00	8,545,665.00	9,118,513.00	8,374,709.00	7,538,297.00	7,979,969.00	8,177,949.09
Federal Sources	621,396.00	639,295.00	658,917.00	635,017.00	658,675.00	697,795.00	717,438.00	1,855,065.00	918,231.00	1,029,926.73
Total Revenues	14,356,722.00	15,166,494.00	15,241,136.00	16,141,642.00	16,933,783.00	17,582,615.00	17,094,526.00	17,813,447.00	17,487,173.00	17,785,318.19
Expenditures:										
Instruction:										
Regular	5,100,977.00	4,775,831.00	5,046,539.00	5,094,077.00	5,187,431.00	5,334,754.00	5,386,679.00	5,823,409.00	5,275,156.00	4,953,442.37
Special	964,927.00	1,004,847.00	1,088,695.00	1,208,597.00	1,310,238.00	1,568,959.00	1,384,675.00	1,423,821.00	1,375,783.00	1,465,170.21
Other Special Education	101,532.00	138,686.00	110,155.00	166,395.00	157,396.00	119,668.00	77,975.00	77,755.00	88,998.00	54,174.78
School-Sponsored/Other Instructional	233,414.00	323,681.00	311,078.00	277,402.00	281,888.00	280,336.00	214,637.00	214,379.00	216,757.00	244,461.09
Undistributed:										
Tuition	599,459.00	627,890.00	405,790.00	507,504.00	572,386.00	638,294.00	739,111.00	764,049.00	890,539.00	1,303,971.03
Student and Instruction Related Services	1,949,002.00	1,967,647.00	1,809,125.00	2,132,657.00	2,215,701.00	2,188,958.00	1,859,513.00	1,814,504.00	1,804,601.00	1,707,288.65
General Administration	739,216.00	628,996.00	885,145.00	696,539.00	699,076.00	628,480.00	700,674.00	710,835.00	746,203.00	450,941.15
School Administrative Services	534,429.00	446,759.00	547,217.00	587,038.00	616,783.00	589,430.00	526,443.00	621,623.00	642,022.00	628,796.62
Central Services										270,913.82
Admin. Information Technology										45,716.57
Plant Operations and Maintenance	867,171.00	1,021,273.00	1,090,326.00	1,086,637.00	1,202,214.00	1,177,380.00	1,260,370.00	1,251,146.00	1,254,456.00	1,146,334.11
Pupil Transportation	301,694.00	346,261.00	290,533.00	377,602.00	449,168.00	551,333.00	607,232.00	486,234.00	429,335.00	484,807.30
Business and Other Support Services:										
Employee Benefits	2,118,982.00	2,297,115.00	2,626,510.00	2,580,057.00	3,326,436.00	3,652,763.00	3,418,638.00	3,515,447.00	3,377,104.00	3,636,133.05
Capital Outlay	691,141.00	200,638.00	220,586.00	3,329.00	1,100.00	32,730.00	3,136.00	7,728.00	63,249.00	5,622.91
Debt Service:										
Principal	850,526.00	865,523.00	880,530.00	970,453.00	955,526.00	970,526.00	975,526.00	990,526.00	1,000,526.00	780,526.32
Interest and Other Charges	358,864.00	328,645.00	297,541.00	222,347.00	217,677.00	186,735.00	155,214.00	123,019.00	86,963.00	59,783.50
Total Expenditures	15,401,334.00	14,973,593.00	15,610,780.00	15,910,934.00	17,193,011.00	17,920,336.00	17,308,823.00	17,639,475.00	17,251,692.00	17,238,085.48
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(1,044,612.00)	192,901.00	(369,644.00)	230,708.00	(259,228.00)	(337,721.00)	(215,297.00)	182,972.00	245,481.00	547,232.71
Other Financing Sources/(Uses):										
Transfers In	18,208.00	129,953.00		31,651.00						
Transfers Out	(10,577.00)	(129,953.00)		(31,651.00)						
Proceeds of Refunding Bonds				(7,500.00)						
Total Other Financing Sources/(Uses)	7,631.00			(7,500.00)						
Net Change in Fund Balances	\$ (1,036,981.00)	\$ 192,901.00	\$ (369,644.00)	\$ 223,208.00	\$ (259,228.00)	\$ (337,721.00)	\$ (215,297.00)	\$ 182,972.00	\$ 245,481.00	\$ 547,232.71
Debt Service as a Percentage of Noncapital Expenditures	8.22%	8.08%	7.65%	7.50%	6.82%	6.47%	6.53%	6.32%	6.33%	4.88%

Source: District records

Note: Noncapital expenditures are total expenditures less Capital Outlay.
Central Service and Administrative Information Technology account classifications were added beginning with year-end June 30, 2005.
Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

<u>Fiscal Year Ending June 30.</u>	<u>Tuition</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2003	\$ 20,688.00	\$ 17,664.00	\$ 127,122.00	165,474.00
2004	33,249.00	3,697.00	46,897.00	83,843.00
2005	-	6,547.00	839.00	7,386.00
2006	-	6,168.00	24,040.00	30,208.00
2007	-	5,582.00	18,560.00	24,142.00
2008	-	3,722.00	39,160.00	42,882.00
2009	-	3,060.00	11,885.00	14,945.00
2010	-	3,056.00	8,691.00	11,747.00
2011	-	1,590.00	16,745.00	18,335.00
2012	930.20	1,704.11	8,200.06	10,834.37

Source: District records

REVENUE CAPACITY INFORMATION

SOUTH AMBOY SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)
(UNAUDITED)

Fiscal Year Ending June 30,	SOUTH AMBOY School District Direct Rate			Overlapping Rates		
	(From J-6)					
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	SOUTH AMBOY Borough	Middlesex County	Total Direct and Overlapping Tax Rate
2003	N/A	N/A	N/A	N/A	N/A	N/A
2004	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A

Source: Municipal Tax Assessor

Note: N.J.S.A. 18A:7F-5d limits the amount that the District can submit for a general fund tax levy. The levy, when added to other components of the District's net budget, may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- ^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation taxable.
- ^b Rates for debt service are based on each year's requirements.

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

[illegible]

Source:

SOUTH AMBOY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for <u>the Fiscal Year</u>	Collected Within the Fiscal Year of the Levy ^a		Collections in Subsequent <u>Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2003	10,332,371	10,325,586	99.93%	-
2004	11,714,065	11,701,738	99.89%	-
2005	13,320,222	13,103,547	98.37%	-
2006	13,702,690	13,678,051	99.82%	-
2007	15,699,395	15,675,104	99.85%	-
2008	7,863,309	7,863,309	100%	-
2009	8,124,794	8,124,794	100%	-
2010	8,422,893	8,422,893	100%	-
2011	8,580,638	8,580,638	100%	-
2012	8,566,606	8,566,606	100%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

- a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

DEBT CAPACITY INFORMATION

SOUTH AMBOY SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities			Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2003	\$ 4,314,000	-	\$ 1,598,771	-	-	\$ 5,912,771	0.00%	-
2004	3,944,000	-	1,255,000	-	-	5,199,000	0.00%	-
2005	3,569,000	-	1,100,000	-	-	4,669,000	0.00%	-
2006	3,149,000	-	935,073	-	-	4,084,073	0.00%	-
2007	2,734,000	-	775,073	-	-	3,509,073	0.00%	-
2008	2,319,000	-	600,000	-	-	2,919,000	0.00%	-
2009	1,909,000	-	415,000	-	-	2,324,000	0.00%	-
2010	1,504,000	-	215,000	-	-	1,719,000	0.00%	-
2011	1,104,000	-	-	-	-	1,104,000	0.00%	-
2012	1,000,000	-	-	-	-	1,000,000	0.00%	-

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- a See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b Includes Early Retirement Incentive Plan ("ERIP") refunding

SOUTH AMBOY SCHOOL DISTRICT

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 4,314,000	-	\$ 4,314,000	0.00%	-
2004	3,944,000	-	3,944,000	0.00%	-
2005	3,569,000	-	3,569,000	0.00%	-
2006	3,149,000	-	3,149,000	0.00%	-
2007	2,734,000	-	2,734,000	0.00%	-
2008	2,319,000	-	2,319,000	0.00%	-
2009	1,909,000	-	1,909,000	0.00%	-
2010	1,504,000	-	1,504,000	0.00%	-
2011	1,104,000	-	1,104,000	0.00%	-
2012	1,000,000	-	1,000,000	0.00%	-

Note: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

SOUTH AMBOY SCHOOL DISTRICT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2012
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes: South Amboy Borough Middlesex County General Obligation Debt	\$		\$ N/A
Subtotal, Overlapping Debt			
South Amboy District Direct Debt			
Total Direct and Overlapping Debt			\$ N/A

Sources: Assessed value data used to estimate applicable percentages provided by the Middlesex County Board of Taxation.
Debt Outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District.
This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of South Amboy. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

- a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

SOUTH AMBOY SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized Valuation Basis

2012	\$	N/A
2011		-
2010		-

(A) \$

Average Equalized Valuation of Taxable Property

(A/3) \$

Debt Limit (3% of Average Equalization Value)
Total Net Debt Applicable To Limit

(B)
(C)

Legal Debt Margin

(B-C) \$

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Limit					
Total Net Debt Applicable To Limit	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
	4,314,000	3,944,000	3,569,000	3,149,000	2,734,000
Legal Debt Margin	\$ (4,314,000)	\$ (3,944,000)	\$ (3,569,000)	\$ (3,149,000)	\$ (2,734,000)
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	N/A	N/A	N/A	N/A	N/A
	2008	2009	2010	2011	2012
Debt Limit					
Total Net Debt Applicable To Limit	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
	2,319,000	1,909,000	1,504,000	1,104,000	1,711,053
Legal Debt Margin	\$ (2,319,000)	\$ (1,909,000)	\$ (1,504,000)	\$ (1,104,000)	\$ (1,711,053)
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	N/A	N/A	N/A	N/A	N/A

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation.

a Limit set by N.J.S.A. 18A:24-19 for a K through 12 District; other percentage limits would be applicable for other District types.

DEMOGRAPHIC AND ECONOMIC STATISTICS

SOUTH AMBOY SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Year</u>	<u>Population^a</u>	<u>Personal Income^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2003	7,960	N/A	\$ 38,517	2.80%
2004	7,951	N/A	39,621	4.10%
2005	7,924	N/A	40,978	4.50%
2006	7,830	N/A	44,022	4.60%
2007	7,819	N/A	N/A	4.00%
2008	7,777	N/A	N/A	5.40%
2009	7,770	N/A	26,192	8.40%
2010	8,631	N/A	31,590	N/A
2011	8,678	N/A	34,495	N/A
2012	8,631	N/A	29,262	N/A

Source:

^a Population information provided by the NJ Department of Labor and Workforce Development.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

[illegible]

Source: <https://www.bls.gov/charts/employment-and-unemployment/employment-population-projections>

OPERATING INFORMATION

SOUTH AMBOY SCHOOL DISTRICT

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction:										
Regular										67.0
Special Education										19.0
Other Special Education										2.0
Vocational										N/A
Other Instruction										1.0
Nonpublic School Programs										N/A
Adult/Continuing Education Programs										N/A
Support Services:										
Student and Instruction Related Services										23.0
General Administration										2.0
School Administrative Services										4.0
Other Administrative Services										2.0
Central Services										5.0
Administrative Information Technology										1.0
Plant Operations and Maintenance										11.0
Pupil Transportation										N/A
Other Support Services										2.0
Special Schools										
Food Service										
Child Care										
Total	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>139.0</u>

DATA NOT AVAILABLE

Source: District Personnel Records

SOUTH AMBOY SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio</u>	<u>Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2003	1,160	\$ 13,500,803	\$ 11,639.00	N/A	N/A	N/A	1,160	1,081	(1.21%)	93.19%
2004	1,159	13,578,787	11,719.00	0.0069	N/A	N/A	1,159	1,106	(0.09%)	95.43%
2005	1,144	14,212,113	12,423.00	0.0601	171.0	2:21.9	1,144	1,106	(1.31%)	96.68%
2006	1,147	14,714,805	12,829.00	0.0327	171.0	2:21.9	1,147	1,100	0.26%	95.90%
2007	1,171	16,018,708	13,680.00	0.0663	N/A	N/A	1,171	1,142	2.05%	97.52%
2008	1,121	16,730,345	14,924.00	0.0909	101.0	N/A	1,121	1,081	(4.46%)	96.43%
2009	1,113	16,175,947	14,534.00	-0.0261	102.0	N/A	1,099	1,037	(2.00%)	94.36%
2010	1,193	16,509,202	13,838.00	-0.0479	N/A	N/A	1,193	1,193	7.88%	100.00%
2011	1,154	16,100,954	13,952.00	0.0082	N/A	N/A	1,154	1,154	(3.38%)	100.00%
2012	1,183	15,391,904	13,011.00	-0.0674	111.0	N/A	1,153	1,101	N/A	N/A

Sources: District records

Note: Enrollment based on annual October district count

- a Operating expenditures equal total expenditures less high school tuition, transportation, debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

SOUTH AMBOY SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS
(UNAUDITED)

<u>District/Building</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Elementary:										
South Amboy Elementary:										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	58,934	N/A	73,205
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	646	N/A	727
Middle/High School:										
Governor Harold G. Hoffman										
Middle/High School:										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	114,335	N/A	117,615
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	508	N/A	526

Number of Schools at June 30, 2011

Elementary = 1

Middle School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions.

Enrollment is based on the annual October District count.

SOUTH AMBOY SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
(UNAUDITED)

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

*School Facilities

	<u>Project # (s)</u>	<u>Elementary</u>	<u>High School</u>	<u>Other Facilities</u>	<u>Total</u>
2003	N/A	\$ 186,883.00	\$ 357,277.00	\$ 5,497.00	\$ 549,657.00
2004	N/A	218,757.00	418,211.00	6,434.00	643,402.00
2005	N/A	48,136.00	93,452.00	N/A	141,588.00
2006	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A
2011	N/A	37,602.00	9,325.00	N/A	46,927.00
2012	N/A	<u>235,245.33</u>	<u>126,670.56</u>	<u>19,048.21</u>	<u>380,964.10</u>
Total School Facilities		<u>\$ 726,623.33</u>	<u>\$ 1,004,935.56</u>	<u>\$ 30,979.21</u>	<u>\$ 1,762,538.10</u>

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26-1.3)

Source: District records

SOUTH AMBOY SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2012
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
Middlesex County Municipal Joint Insurance Fund Risk Management Plan		
Property (Blanket Building and Contents)	\$ 37,837,000	\$ 1,000
Boiler and Machinery	25,000,000	1,000
Equipment Floater	Included	1,000
Auto Physical Damage (inc. Garage Keepers Legal Liability)	Actual Cash Value	250/500
Blanket Bond	1,000,000	1,000
Auto Liability (inc. Garage Keepers Legal Liability)	11,000,000	
General Liability	11,000,000	
Educator's Legal Liability	6,000,000	
Public Official Liability	11,000,000	
Employers Liability	11,000,000	
Workers' Compensation	Statutory	

Source: District records

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Exhibit K-1

Page 1 of 2

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable President and
Members of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Board of Education of the South Amboy School District, in the County of Middlesex, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Board of Education of the South Amboy School District's basic financial statements and have issued our report thereon dated December 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education of the South Amboy School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the South Amboy Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Amboy Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Amboy Board of Education's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. *A material weakness* is

The Honorable President and
Members of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey
Page 2

a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the South Amboy Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

However, we noted certain matters that we have reported to the Board of Education of the South Amboy School District in a separate Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance, dated December 12, 2012.

This report is intended for the information and use of management, the South Amboy Board of Education, others within the entity, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

December 12, 2012

Hutchins, Farrell, Meyer & Allison, P.A.

Certified Public Accountants • Business & Financial Advisors

Exhibit K-2

Page 1 of 3

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

The Honorable President and
Members of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey

Compliance

We have audited the compliance of the Board of Education of the South Amboy School District, in the County of Middlesex, State of New Jersey, with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. South Amboy Board of Education's major federal and state programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the South Amboy Board of Education's management. Our responsibility is to express an opinion on the South Amboy Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the South Amboy Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the South Amboy Board of Education's compliance with those requirements.

The Honorable President and
Members of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey
Page 2

In our opinion, the Board of Education of the South Amboy School District, in the County of Middlesex, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

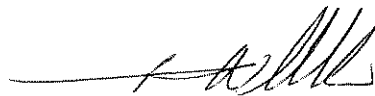
The management of the Board of Education of the South Amboy School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered the South Amboy Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the South Amboy Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

The Honorable President and
Members of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey
Page 3

This report is intended solely for the information and use of management, the South Amboy Board of Education, others within the entity, the New Jersey State Department of Education, and federal and state awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

December 12, 2012

SOUTH AMBOY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the fiscal year ended June 30, 2012

Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2011	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Years' Balances	Balance at June 30, 2012	
			From	To							(Accounts Receivable)	Deferred Revenue Grantor
U.S. Department of Agriculture:												
Passed-Through State Department of Education:												
Enterprise Fund												
10.556	N/A	\$ 643.96	07/01/11	06/30/12			\$	600.88	\$ (643.96)	\$	(43.28)	
10.553	N/A	18,434.00	07/01/10	06/30/11	\$ (1,282.00)			1,282.00				
10.553	N/A	17,438.00	07/01/11	06/30/12				16,055.35	(17,348.00)		(1,292.65)	
10.555	N/A	182,404.00	07/01/10	06/30/11	(8,755.00)			8,755.00				
10.555	N/A	198,267.17	07/01/11	06/30/12				190,171.93	(198,267.17)		(8,095.24)	
Total U.S. Department of Agriculture					(10,037.00)			216,884.96	(216,259.13)		(9,431.17)	
U.S. Department of Education:												
General Fund												
93.778	N/A	22,112.00	07/01/10	06/30/11	(7,905.00)			7,905.00				
93.778	N/A	35,927.80	07/01/11	06/30/12				29,691.44	(35,927.80)		(6,236.36)	
84.410A	ARRA	226,066.00	08/10/10	09/30/12				226,066.00	(226,066.00)			
Passed-Through State Department of Education:												
Special Revenue Fund												
84.173	IDEA 2012	8,142.00	09/01/11	08/31/12				8,142.00	(8,142.00)			
84.173	I.D.E.A. Part B, Preschool	9,357.00	09/01/10	08/31/11	(792.00)			792.00				
84.027	I.D.E.A. Part B, Preschool	379,761.00	09/01/11	08/31/12				379,761.00	(379,761.00)			
84.027	I.D.E.A. Part B, Basic	381,306.00	09/01/10	08/31/11	(185,012.00)			185,012.00				
84.010	Title I - Grants To Local Educational Agencies	275,761.00	09/01/11	08/31/12				270,706.00	(270,706.00)			
84.010	Title I - Grants To Local Educational Agencies	266,086.00	09/01/10	08/31/11	(112,977.21)			112,977.21				
84.367A	Title II - Part A - Improving Teacher Quality State Grants	66,146.00	09/01/11	08/31/12				64,224.00	(64,624.50)		(400.50)	
84.367A	Title II - Part A - Improving Teacher Quality State Grants	73,897.00	09/01/10	08/31/11	(649.00)			649.00				
84.365A	Title III	21,591.00	09/01/10	08/31/11	(148.30)					\$ 148.30		
84.365A	Title III	21,182.00	09/01/08	08/31/09	3.00					(3.00)		
Total U.S. Department of Education					(307,480.51)			1,285,925.65	(985,227.30)	145.30	(6,636.86)	
Total Federal Financial Awards					\$ (317,517.51)	\$ 0.00	\$ 0.00	\$ 1,502,790.61	\$ (1,201,466.43)	\$ 145.30	\$ (16,068.03)	\$ 0.00

SOUTH AMBOY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the fiscal year ended June 30, 2012

State Grant/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2011		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments/ Repayment/ of Prior Years' Balances	Balance at June 30, 2012		Memo	
			From	To	(Accounts Receivable)/ Deferred Revenues	Due To Grantor					(Accounts Receivable)/ Deferred Revenue	Due To Grantor		
State Department of Education														
General Fund														
Special Education Categorical Aid	11-495-034-5120-089	634,381.00	07/01/10	06/30/11	\$ (74,393.00)			\$ 634,381.00	\$ (634,381.00)	\$ 74,393.00				
Special Education Categorical Aid	12-495-034-5120-089	534,381.00	07/01/11	06/30/12						617,736.00			\$ 634,381.00	
Equalization Aid	11-495-034-5120-078	5,552,859.00	07/01/10	06/30/11	(617,736.00)			5,552,859.00	(5,552,859.00)				5,552,859.00	
Equalization Aid	12-495-034-5120-078	5,552,859.00	07/01/11	06/30/12				23,874.00					(548,901.30)	
Extraordinary Aid	11-100-034-5120-473	110,441.00	07/01/10	06/30/11	(23,874.00)			22,568.00					78,980.00	
Extraordinary Aid	12-100-034-5120-473	78,980.00	07/01/11	06/30/12				22,568.00	(78,980.00)				22,568.00	
On-Behalf TPAF Pension System	12-495-034-5095-007	22,568.00	07/01/11	06/30/12					(22,568.00)		\$ (78,980.00)		(78,980.00)	
Contribution - Post Retirement	12-495-034-5095-006	468,131.00	07/01/11	06/30/12				468,131.00	(468,131.00)				468,131.00	
On-Behalf TPAF Pension System	12-495-034-5095-006	210,302.00	07/01/11	06/30/12				210,302.00	(210,302.00)				210,302.00	
Contribution - Normal Contribution	12-495-034-5095-002	513,880.66	07/01/11	06/30/12				488,247.20	(513,880.66)		(25,633.46)		513,880.66	
Reimbursed TPAF Social Security Contributions					(716,003.00)			7,400,382.20	(7,481,101.66)	692,129.00	(104,613.46)		7,481,101.66	
Total General Fund														
Special Revenue Fund														
Preschool Education Aid	12-495-034-5120-086	180,180.00	07/01/11	06/31/12				180,180.00	(180,180.00)				180,180.00	
Preschool Education Aid	11-495-034-5120-086	368,940.00	07/01/10	06/31/11	18,080.44				(18,080.44)					
N.J. Nonpublic Aid	12-100-034-5120-084	25,026.00	07/01/11	06/30/12				25,026.00	(24,743.30)			\$ 283.00		
Textbooks Aid	12-100-034-5120-070	35,748.00	07/01/11	06/30/12				35,748.00	(35,704.00)			44.00	35,704.00	
Nursing Services Aid	12-100-034-5120-067	146,242.00	07/01/11	06/30/12				146,242.00	(69,317.00)			76,925.00	69,317.00	
N.J. Nonpublic Auxiliary Services Aid	12-100-034-5120-067	17,358.00	07/01/11	06/30/12				17,358.00	(17,358.00)				17,358.00	
Transportation	12-100-034-5120-067	22,585.00	07/01/11	06/30/12				22,585.00	(22,585.00)				22,585.00	
ESL	12-100-034-5120-067													
N.J. Nonpublic Handicapped Aid	12-100-034-5120-066	28,061.00	07/01/11	06/30/12				28,061.00	(25,255.00)		(3,626.00)	2,806.00	25,255.00	
Supplemental Instruction	12-100-034-5120-066	3,626.00	07/01/11	06/30/12					(3,626.00)				3,626.00	
Home Instruction	11-100-034-5120-066	7,835.00	07/01/10	06/31/11	(7,835.00)			7,835.00						
Examination and Classification	12-100-034-5120-066	43,307.00	07/01/11	06/30/12				43,307.00	(24,647.00)			18,660.00	24,647.00	
Corrective Speech	12-100-034-5120-066	7,425.00	07/01/11	06/30/12				7,425.00	(7,425.00)				7,425.00	
Total Special Revenue Fund														
					10,245.44			513,767.00	(428,920.44)		(3,626.00)	98,718.00	386,097.00	
Debt Service Fund														
Debt Service Aid Type II	12-495-034-5120-017	249,378.00	07/01/11	06/30/12				249,378.00	(249,378.00)				249,378.00	
Total Debt Service Fund														
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	11-100-010-3350-023	5,482.00	07/01/10	06/30/11	(275.00)			275.00					8,631.33	
State School Lunch Program	12-100-010-3350-023	8,631.33	07/01/11	06/30/12				8,406.62			(224.71)		8,631.33	
Total Enterprise Fund														
Total State Financial Assistance														
					\$ (706,032.56)	\$ 0.00	\$ 0.00	\$ 8,172,188.82	\$ (8,168,031.43)	\$ 692,129.00	(108,464.17)	\$ 98,718.00	\$ (737,867.46)	\$ 8,125,207.99

D=Deficit, not Accounts Receivable, due to expenditures exceeding last state aid payment.

The accompanying Notes to Schedules of Expenditures of Awards and Financial assistance are an integral part of this schedule

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2012

1. General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education ("Board") of South Amboy, School District ("District"). The Board is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

2. Basis of Accounting

The accompanying Schedules of Expenditures of Awards and Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

The basic financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules ("RSI") are presented for the General Fund and Special Revenue Fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year whereas, for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The General Fund is presented in the accompanying Schedules on the modified accrual basis, with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, payment is not recognized until the subsequent budget year due to the State deferral and recording of the last state aid payment in the subsequent year. The Special Revenue Fund is presented in the accompanying Schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$80,519.00 for the General Fund and \$(13,624.58) for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO SCHEDULES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE

June 30, 2012

3. Relationship to Basic Financial Statements (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 261,993.80	\$ 7,561,620.66	\$ 7,823,614.46
Special Revenue Fund	767,934.93	366,950.43	1,134,885.36
Debt Service Fund		249,378.00	249,378.00
Food Service Fund	<u>216,259.13</u>	<u>8,631.33</u>	<u>224,890.46</u>
Total Awards and Financial Assistance	<u>\$1,246,187.86</u>	<u>\$ 8,816,580.42</u>	<u>\$ 9,432,768.28</u>

During the year ended June 30, 2012, the State of New Jersey contributed \$22,568.00 to the Teachers' Pension and Annuity Fund for NCGI premiums, \$210,302.00 for Normal Contributions and \$468,131.00 for post-retirement medical benefits on behalf of the District.

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying Schedules agree with the amounts reported in the related federal and state financial reports.

5. Federal and State Loans Outstanding

At the year ended June 30, 2012, the District had the following outstanding loans:

NJ Public School Facilities Loan: \$ 711,052.64

\$ 711,052.64

6. Other

Revenue and expenditures reported under the Food Distribution Program represent current-year value received and current-year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the State on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2012.

Financial Statements

Internal control over financial reporting:

Noncompliance material to basic financial statements noted? yes X no

Internal control over major programs:

Type of auditor's report issued on compliance for major programs: Unqualified

Identification of major programs:

Name of Federal Program or Cluster

IDEA Cluster _____

Auditee qualified as low-risk auditee? X yes no

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section I - Summary of Auditor's Results

State Awards

Dollar threshold used to distinguish between type A and type B programs? \$300,000.00

Auditee qualified as low-risk auditee? X yes no

Type of auditor's report issued in compliance for major programs: Unqualified

Internal Control over major programs:

1) Material weakness(es) identified? _____ yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04? yes X no

Identification of major programs:

State Grant/Project Number(s)

495-034-5120-078/

495-034-5120-089

12-495-034-5095-002

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Name of State Program

State Aid - Public Cluster

TPAF Social Security

.....

SOUTH AMBOY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)

Section II - Financial Statement Findings

This section identifies the material weaknesses, significant deficiencies, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

None reported.

SOUTH AMBOY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(continued)

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and NJOMB Circular 04-04.

STATE AWARDS

Finding 2012-01:

State Aid – Public

Application for State School Aid (A.S.S.A.) has errors on Resident Low Income and Resident LEP Low Income.

Condition:

A.S.S.A. has errors on Resident Low Income where A.S.S.A. reported does not agree to workpaper reported. Resident LEP Low Income sample selected does not agree to verified test score and register.

Questioned Costs:

Due to the State performing the calculation for funding, we are unable to determine the amount of the questioned costs.

Effect:

The State could reduce funding of State Aid to District due to the errors.

Cause:

The A.S.S.A. was not properly transmitted to the State.

Recommendation:

The A.S.S.A. be properly counted and transmitted to the State.

Response:

Student counts were taken from our Genesis reporting system. It was discovered during the audit that the Genesis system had counted the ELL students twice. Future year ASSA reporting will take this into account and be reported accurately.

SOUTH AMBOY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

This section identifies the status of prior-year findings related to the general-purpose financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, and OMB Circular A-133 (section .315 (a)(b)) and NJOMB Circular 04-04.

STATUS OF PRIOR-YEAR FINDINGS

Not applicable.

SOUTH AMBOY SCHOOL DISTRICT
SOUTH AMBOY, NEW JERSEY

FISCAL YEAR ENDED JUNE 30, 2012

AUDITORS' MANAGEMENT REPORT ON
ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

AUDITORS' MANAGEMENT REPORT ON ADMINISTRATIVE FINDINGS
FINANCIAL, COMPLIANCE AND PERFORMANCE

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Tuition Charges	2
Financial Planning, Accounting and Reporting:	
Examination of Claims	2
Payroll Account	2
Reserve for Encumbrances and Accounts Payable	3
Classification of Expenditures	3
• General Classifications	N/A
• Administrative Classifications	N/A
Board Secretary's Records	3
Treasurer's Records	3
Elementary and Secondary Education Act (E.S.E.A.)/ Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001	3
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Hutchins, Farrell, Meyer & Allison, P.A.

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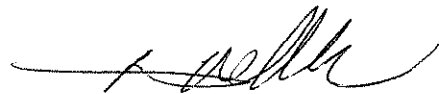
INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
South Amboy School District
County of Middlesex, New Jersey 08879

We have audited, in accordance with auditing standards generally accepted in the United States of America, and Government Auditing Standards, issued by the Comptroller General of the United States, the general-purpose financial statements of the Board of Education of the South Amboy School District in the County of Middlesex for the year ended June 30, 2012, and have issued our report thereon dated December 12, 2012.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying Table of Contents.

This report is intended for the information of the South Amboy School District Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



Robert W. Allison
Licensed Public School Accountant
No. 897
Hutchins, Farrell, Meyer & Allison, P.A.

December 12, 2012

Administrative Findings - Financial, Compliance and Performance

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Moneys, the activities of the School District, and the records of the various funds under the auspices of the School District.

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on Exhibit J-20, Insurance Schedule, contained in the District's CAFR.

Official Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Carolyn B. Joseph	Board Secretary/School Business Administrator (7/1/11-1/1/12)	\$ 1,000,000.00
Patricia A. Martucci	Board Secretary/School Business Administrator (1/2/12-6/30/12)	1,000,000.00
Himanshu Shah	Treasurer of School Monies	196,000.00
All Employees	All Employee Blanket Position Bond	5,000.00

Tuition Charges

Not applicable.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review did not indicate any discrepancies with respect to signatures, certification or supporting documentation.

Payroll Account

The net salaries tested of all employees of the District were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

Salary withholdings were promptly remitted to the proper agencies.

No exceptions were noted.

Financial Planning, Accounting and Reporting (continued)

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2012 for proper classification of orders as reserve for encumbrances and accounts payable.

No exceptions were noted.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with N.J.A.C. 6A:23A-16.2(f) as part of our test of transactions of randomly-selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with N.J.A.C. 6A:23A-8.2. As a result of the procedures performed, a transaction error rate of 0.00% overall was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

The financial records, books of account and minutes of the Board Secretary were maintained in satisfactory condition.

Treasurer's Records

The Treasurer's Records were in agreement with the records maintained by the Board Secretary/Business Administrator.

Elementary and Secondary Education Act (E.S.E.A.)/Improving America's Schools Act (I.A.S.A.) as Reauthorized by the No Child Left Behind Act of 2001

The E.S.E.A. financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the projects under Title I and VI of the Elementary and Secondary Education Act, as amended.

No exceptions were noted.

Financial Planning, Accounting and Reporting (continued)

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on Schedule A and Schedule B located in the CAFR.

Our audit of the state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

No exceptions were noted.

TPAF Reimbursement

Our audit procedures included a test of the biweekly reimbursements filed with the Department of Education for District employees who are members of the Teachers' Pension and Annuity Fund.

No exceptions were noted.

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2010 and thereafter, the bid threshold in accordance with N.J.S.A. 18A:18A-3 (as amended) is \$26,000.00, or \$36,000.00 if a Qualified Purchasing Agent is appointed; and in accordance with N.J.S.A. 18A:39-3, the bid threshold is \$17,500.00.

The District Board of Education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Solicitor's opinion should be sought before a commitment is made.

Based upon the results of my examination, I did not note any individual payments, contracts, or agreements made for the performance of any work or goods or services, in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provision of N.J.S.A. 18A:18A-4: amended.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

School Food Service

The financial transactions and statistical records of the School Food Service Fund were reviewed. The financial accounts, meal count records and eligibility applications were reviewed on a test-check basis.

The number of meals claimed for reimbursement was compared to sales and meal count records. As part of the claims review process the Edit Check Worksheet was completed. Reimbursement claims were submitted/certified in a timely manner.

Applications for free and reduced-price meals were reviewed for completeness and accuracy. The number of free and reduced-price meals claimed as served was compared to the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced-price meal and free milk policy was reviewed for uniform administration throughout the school system. Sites approved to participate in Provisions were examined for compliance with all counting and claiming requirements. The required verification procedures for free and reduced-price applications were completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Purchase records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

The cash disbursements records reflected expenditures for program-related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Net cash resources did not exceed three months' average expenditures.

The District's Food Service Management Company ("FSMC") is depositing and expending program monies in accordance with N.J.S.A. 18A:17-34, and 19-1 through 19-4.1. Provisions of the FSMC contract/addendum were reviewed and audited. The FSMC contract includes a management service fee of \$20,729.00. The District's FSMC guaranteed a profit of \$15,000.00 which was not met. The District set up a receivable in the amount of \$18,857.29

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Services employees authorized by the Board of Education. No exceptions were noted.

U.S.D.A. commodities were not received.

Exhibits reflecting Food Service operations are included in the section of the CAFR entitled Proprietary Funds.

Student Body Activities

We noted no exceptions during our review of Student Body activities.

Application for State School Aid

Our audit procedures included a test of information reported in the October 15, 2011 Application for State School Aid ("A.S.S.A.") for on-roll, private schools for the handicapped, bilingual, and low-income. We also performed a review of the District procedures related to its completion. The information on the A.S.S.A. was compared to the District workpapers with exception. The information that was included on the workpapers was verified with exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has adequate written procedures for the recording of student enrollment data.

Finding:

Application for State School Aid (A.S.S.A.) has errors on Resident Low Income and Resident LEP Low Income.

Recommendation:

The A.S.S.A. be properly counted and transmitted to the State.

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2011/12 District Report of Transported Resident Students ("DRTRS"). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary Report with exception. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation-related contracts and purchases. Based on our review, the District complied with proper bidding procedures and award of contracts. The bid specifications for the purchase of buses were in compliance with applicable statutes.

No exceptions were noted in our review of transportation-related purchases of goods and services.

Facilities and Capital Assets

Our procedures included a review of EDA grant agreement for consistency with recording EDA revenue, transfer of local funds from the General Fund or from the Capital Reserve Account, and awarding of contracts for eligible facilities construction.

Finding:

Capital Assets were not properly maintained during 2011/12 school year.

Recommendation:

Capital Assets must be properly maintained on an annual basis.

Follow-up on Prior-Year Findings

In accordance with Government Auditing Standards, our procedures included a review of all prior-year recommendations. Corrective action had been taken on all prior-year findings.

Acknowledgment

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to the members of the audit team.

SOUTH AMBOY BOARD OF EDUCATION

SCHEDULE OF AUDITED ENROLLMENTS

APPLICATION FOR STATE SCHOOL AID SUMMARY

ENROLLMENT AS OF OCTOBER 15, 2011

	2012-2013 Application for State School Aid						Sample for Verification						Private Schools for Disabled			
	Reported on A.S.S.A. On Roll			Workpapers On Roll			Errors			Sample Selected from Workpapers			Verified per Registers On Roll			Reported on A.S.S.A. as Private Schools
	Full	Shared		Full	Shared		Full	Shared		Full	Shared		Full	Shared		
Half Day Preschool 3 Yrs	42.0			42.0						9.0						
Half Day Preschool 4 Yrs	81.0			81.0						18.0						
Full Day Kindergarten	72.0			72.0						16.0						
One	88.0			88.0						19.0						
Two	54.0			54.0						12.0						
Three	62.0			62.0						14.0						
Four	66.0			66.0						14.0						
Five	87.0			87.0						19.0						
Six	77.0			77.0						17.0						
Seven	63.0			63.0						15.0						
Eight	70.0			70.0						15.0						
Nine	72.0			72.0						16.0						
Ten	65.0			65.0						14.0						
Eleven	75.0			75.0						17.0						
Twelve																
Subtotal	974.0			974.0						215.0						
Special Ed - Elementary	55.0			55.0						12.0						1.0
Special Ed - Middle School	49.0			49.0						11.0						1.0
Special Ed - High School	73.0			73.0						16.0						6.0
Subtotal	177.0			177.0						39.0						7.0
Totals	1,151.0			1,151.0						254.0						9.0
Percentage Error																0.00

SCHEDULE OF AUDITED ENROLLMENTS

**SOUTH AMBOY BOARD OF EDUCATION
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 15, 2011**

	Resident Low Income			Sample for Verification			Resident LEP Low Income			Sample for Verification		
	Reported on A.S.S.A. as Low Income	Reported on Workpapers as Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors	Reported on A.S.S.A. as LEP low Income	Reported on Workpapers as LEP low Income	Errors	Sample Selected from Workpapers	Verified to Test Score and Register	Sample Errors
Half Day Preschool	21	21		9	9							
Full Day Kindergarten	31	31		13	13							
One	32	29	3		12		3	3		2	1	1
Two	44	39	5		16		5	5		4	3	1
Three	23	23		9	9							
Four	23	23		9	9							
Five	32	31	1	13	12	1	1	1		1	1	1
Six	39	38	1	16	16		1	1		1		
Seven	33	33		14	14							
Eight	28	25	3	10	10		3	3		2	2	
Nine	23	22	1	9	9		1	1		1	1	
Ten	35	33	2	14	14		2	2		2	2	
Eleven	22	20	2	8	8		2	2		2	2	
Twelve	29	29		12	12							
Subtotal	415	397	18	164	163	1	18	18		15	12	3
Special Ed - Elementary	27	27		10	10							
Special Ed - Middle	21	31	(10)	13	13							
Special Ed - High School	25	25		10	10							
Subtotal	73	83	(10)	33	33							
Co. Voc. - Regular	488	480	8	197	196	1	18	18		15	12	3
Co. Voc. Pl. Post Sec.			1.64%			0.00			0.00			20.00%
Totals												
Percentage Error												

	Transportation			Recalculated		
	Reported on DRTS by DOE/county	Reported on DRTS by District	Errors	Tested	Verified	Errors
Reg. - Public Schools	33	33		25	25	
Reg. - SpEd	1	1		1	1	
Transported - Non-Public						
Special Ed Spec	65	65		49	48	1
Totals	99	99	0	75	74	1
Percentage Error						1.33%
						Reg Avg (Mileage) = Regular Including Grade PK students Reg Avg (Mileage) = Regular Excluding Grade PK students if applicable Spec Avg. = Special Ed with Special Needs
						Reported 8.5 Recalculated 8.5 6.2

SCHEDULE OF AUDITED ENROLLMENTS**SOUTH AMBOY BOARD OF EDUCATION**
ENROLLMENT AS OF OCTOBER 15, 2011

	Resident LEP NOT Low Income		Sample for Verification			
	Reported on A.S.S.A. as NOT Low Income	Reported on Workpapers as NOT Low Income	Errors	Sample Selected from Workpapers	Verified to Application and Register	Sample Errors
Half Day Preschool						
Full Day Kindergarten						
One	3	3		2	2	
Two	1	1		1	1	
Three						
Four	1	1		1		1
Five						
Six	2	2		2		2
Seven						
Eight						
Nine						
Ten	1	1		1	1	
Eleven	1	1		1	1	
Twelve	2	2		1	1	
Subtotal	11	11		9	6	3
Special Ed - Elementary						
Special Ed - Middle						
Special Ed - High School						
Subtotal						
Co. Voc. - Regular						
Co. Voc. Ft. Post Sec.						
Totals	11	11		9	6	3
Percentage Error			0.00			33.33%

**SOUTH AMBOY
SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION**

Date Issued 06/12

REGULAR DISTRICT

SECTION 1

2% Calculation of Excess Surplus

2011-12 Total General Fund Expenditures per the CAFR, Ex. C-1	<u>\$ 15,244,872.30 (B)</u>
Increased By:	
Transfer to Food Service Fund	<u>\$ (B1a)</u>
Transfer from Capital Outlay to Capital Projects Fund	<u>\$ (B1b)</u>
Transfer from Capital Reserve to Capital Projects Fund	<u>\$ (B1c)</u>
Decreased By:	
On-Behalf TPAF Pension & Social Security	<u>\$ 1,214,881.66 (B2a)</u>
Assets Acquired Under Capital Leases	<u>\$ (B2b)</u>
Adjusted 2010-11 General Fund Expenditures [(B)+(B1s)-(B2s)]	<u>\$ 14,029,990.64 (B3)</u>
2% of Adjusted 2010-11 General Fund Expenditures [(B3) times .02]	<u>\$ 280,599.81 (B4)</u>
Enter Greater of (B4) or \$250,000	<u>\$ 280,599.81 (B5)</u>
Increased By: Allowable Adjustment*	<u>\$ 78,980.00 (K)</u>
Maximum Unreserved/Undesignated Fund Balance [(B5)+(K)]	<u><u>\$ 359,579.81 (M)</u></u>

SECTION 2

Total General Fund – Fund Balances @ 6-30-12 (Per CAFR Budgetary Comparison Schedule C-1)	<u>\$ 1,421,342.53 (C)</u>
Decreased By:	
Year-end Encumbrances	<u>\$ 313,980.81 (C1)</u>
Legally Restricted – Designated for Subsequent Year's Expenditures	<u>\$ (C2)</u>
Legally Restricted - Excess Surplus – Designated for Subsequent Year's Expenditures**	<u>\$ 179,606.00 (C3)</u>
Other Restricted Fund Balances****	<u>\$ 284,430.00 (C4)</u>
Assigned Fund Balance - Unreserved – Designated for Subsequent Year's Expenditures	<u>\$ 142,594.00 (C5)</u>
Total Unassigned Fund Balance[(C)-(C1)-(C2)-(C3)-(C4)-(C5)]	<u><u>\$ 500,731.72 (U1)</u></u>

**SOUTH AMBOY
SCHOOL DISTRICT
EXCESS SURPLUS CALCULATION**

Date Issued 06/12

SECTION 3

Restricted Fund Balance – Excess Surplus***[(U1)-(M)] If negative enter -0- \$ 141,151.91 (E)

Recapitulation of Excess Surplus as of June 30, 2012

Reserved Excess Surplus – Designated for Subsequent Year's Expenditures**	<u>\$ 179,606.00 (C3)</u>
Reserved Excess Surplus***[(E)]	<u>\$ 141,151.91 (E)</u>
Total [(C3)+(E)]	<u>\$ 320,757.91 (D)</u>

Footnotes:

* This adjustment line (as detailed below) is to be utilized for Impact Aid (when applicable), Sale and Lease-back (Refer to the Audit Program Section II, chapter 11), Extraordinary Aid, and Additional Nonpublic School Transportation Aid if applicable (Refer to the Audit Program Section II, Chapter 11 for restrictions on the inclusion of Extraordinary Aid and Additional Nonpublic School Transportation Aid).

Detail of Allowable Adjustments

Impact Aid	<u>\$ (H)</u>
Sale & Lease-Back	<u>\$ (I)</u>
Extraordinary Aid	<u>\$ 78,980.00 (J1)</u>
Additional Nonpublic School Transportation Aid	<u>\$ (J2)</u>
Higher Expectations for Learning Proficiency	<u>\$ (J3)</u>
Total Adjustments [(H)+(I)+(J1)+(J2)]	<u>\$ 78,980.00 (K)</u>

** This amount represents the June 30, 2012 Excess Surplus (C3 above) and must be included in the Audsum Worksheet Line 11025.

*** Amounts must agree to the June 30, 2012 CAFR and must agree to Audit Summary Worksheet Line 11024.

**** Amount for Other Reserved Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have Departmental approval. District requests should be submitted to the Division of Finance prior to September 30.

Detail of Other Reserved Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	<u>\$</u>
Capital outlay for a district with a capital outlay SGLA	<u>\$</u>
Sale/lease-back reserve	<u>\$</u>
Capital reserve	<u>\$ 50,100.00</u>
Maintenance reserve	<u>\$ 159,330.00</u>
Waiver offset reserve	<u>\$</u>
Emergency reserve	<u>\$ 75,000.00</u>
Tuition reserve	<u>\$</u>
Other state/government mandated reserve	<u>\$</u>
[Other Reserved Fund Balance not noted above]****	<u>\$</u>
Total Other Reserved Fund Balance	<u>\$ 284,430.00 (C4)</u>